

MEETING: 7 DECEMBER 2017

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: ORKNEY ISLANDS COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Orkney Islands Council.

Background

2. The attached Best Value Assurance Report is the fourth report presented to the Commission under the new approach for auditing Best Value. A key objective of the new approach is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties.
3. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report on each council at least once during the five-year audit appointment and also by Best Value being reported in annual audit reports.
4. The Controller of Audit's report refers to the conclusions and recommendations in the appointed auditor's 2016/17 Annual Audit Report. This is also attached.

Previous reports

5. The Commission last published a Best Value report on the council on [5 June 2008](#). The Commission's findings in this regard are set out in the Appendix.

The Controller of Audit report

6. The Best Value Assurance Report is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
7. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
8. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.
9. The report concludes with a series of recommendations proposed by the Controller of Audit which are to be part of the Commission's considerations.

Procedure

10. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
11. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
12. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
13. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

10. The Commission is invited to:
 - a) consider the Controller of Audit's Best Value Assurance Report on Orkney Islands Council; and
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
29 November 2017

APPENDIX

AUDIT OF BEST VALUE AND COMMUNITY PLANNING: ORKNEY ISLANDS COUNCIL

COMMISSION FINDINGS

1. The Commission accepts this report on the performance of Orkney Islands Council's statutory duty to secure Best Value and to initiate and facilitate the community planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

2. The Commission recognises the challenges faced by Orkney Islands Council arising from its remote and dispersed geography. We acknowledge the council's good leadership and its performance in a number of areas, and the innovative approach which it has adopted in response to its circumstances, in particular in its partnership arrangements with NHS Orkney and its joint working with community councils.

3. We particularly welcome:

- the council's level of self awareness
- its culture of openness
- the extent of community engagement
- the council's financial planning and sustainability.

4. With regard to areas where the council needs to make progress we would highlight the following:

- The council needs to adopt innovative approaches to building capacity, particularly to support corporate functions.
- There is a need for effective corporate performance management arrangements.
- The community and corporate plans need to be supported by clear action plans with specific, measurable targets and milestone dates.
- A number of the basic systems and processes to support and demonstrate Best Value are not yet in place.

5. The Commission notes that the council carries out benchmarking with the other islands councils and would encourage it to benchmark with a wider range of councils, to enable benefits to be achieved from best practice elsewhere in Scotland. We look forward to receiving an improvement plan with measurable and achievable outcomes, which will build on the good work being done by the council.

5 June 2008