

REPORT TO: CITY GOVERNANCE COMMITTEE - 19 FEBRUARY 2024

REPORT ON: ACCOUNTS COMMISSION'S FINDINGS ON BEST VALUE IN DUNDEE CITY COUNCIL

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 37-2024

1. PURPOSE OF REPORT

To advise members of the Accounts Commission's findings following the Controller of Audit's Statutory Report on Best Value in Dundee City Council.

2. RECOMMENDATIONS

2.1 It is recommended that Committee:

- (i) considers the Accounts Commission's findings into the Controller of Audit's Statutory Report on Best Value in Dundee City Council, attached as Appendix 1; and
- (ii) notes that officers will advise the Commission of the steps that the Council has agreed to take in response to the findings and will publish the required notice.

3. FINANCIAL IMPLICATIONS

None.

4. BACKGROUND

- 4.1 The Accounts Commission's approach to Best Value has evolved since Best Value was introduced 20 years ago and is now fully integrated within annual audit work. Best Value at the Council will be assessed comprehensively over the period of the audit appointment and will include an annual evaluation of the Council's approach to demonstrating improvement in the effective use of resources and public performance reporting.
- 4.2 In addition to the annual work on Best Value, thematic reviews as directed by the Accounts Commission are undertaken, and in 2022/23 the focus was on the effectiveness of Council leadership in developing new local strategic priorities following the elections in May 2022.
- 4.3 At least once every five years, the Controller of Audit will report to the Accounts Commission on the Council's performance in meeting its Best Value duties. The programme of Controller reports commenced in October 2023 with Dundee City Council being the second Council considered by the Accounts Commission in November 2023.
- 4.4 The Council's thematic report was based on fieldwork carried out by Audit Scotland in 2023 and the report was considered by the City Governance Committee on 25 September 2023 (Article II refers) and subsequently by the Scrutiny Committee on 6 December 2023 (Article IX refers). The Council's annual audit report was also considered by the City Governance Committee on 20 November 2023 (Article III refers). The recommendations made in both reports were accepted and timescales for completion agreed as set out in Appendix 1 of the [Annual Audit Report](#).

5. ACCOUNTS COMMISSION'S FINDINGS

- 5.1 The Controller of Audit's report was considered by the Accounts Commission at its meeting on 9 November 2023. Subsequently, the Accounts Commission's findings was published on 30 November 2023 and is attached as Appendix 1.
- 5.2 The Council is required to consider the findings and respond within three months after publication of the report, as set out in the letter from the Accounts Commission which is attached as Appendix 2.
- 5.3 In summary, the Accounts Commission commended Dundee City Council for its performance. Endorsing the Controller of Audit's report, the Commission noted that all the recommendations made following an earlier Best Value Assurance Report in September 2020 had been implemented.
- 5.4 Other key findings by the Commission included:
- Effective leadership provided by officers and elected members is an area of strength for the Council. The Commission noted the clarity and coherence of the Council's vision and planning, its alignment of resources with priorities, and its fair and balanced public performance reporting.
 - A commitment to community empowerment and engagement comes through strongly in the Council Plan and in the evidence of how this is being delivered in practice.
 - Financial management and planning are sound. Challenges remain around delivery of the capital programme, but this is also showing signs of progress.
 - The Council has a commitment to continuous improvement, and the Commission encouraged elected members and officers to share their approach to this with other councils.
- 5.5 The Commission recognised that there are high levels of deprivation and child poverty in Dundee, along with long-standing challenges around educational attainment and drug deaths. The Council has acknowledged that there are areas where more needs to be done to improve the lives of people in the city and is working hard with partners and communities to deliver change. The Commission said it was assured that the City Council is taking action in response to these priority issues and acknowledged it will take time to determine the impact of this work.
- 5.6 The findings by the Accounts Commission represent a strong validation of the work that is being carried out by the Council in a number of areas. This independent assessment and scrutiny should give people who live and work in the city confidence that their local authority is well led, delivering quality services, and providing Best Value.
- 5.7 Group Leaders and the Council Leadership Team were invited to meet with representatives of the Accounts Commission on 1 February 2024. The positive findings were welcomed and endorsed at this meeting.

6.0 POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

7.0 CONSULTATIONS

The Council Leadership Team were consulted in the preparation of this report.

8.0 BACKGROUND PAPERS

None.

GREGORY COLGAN
CHIEF EXECUTIVE

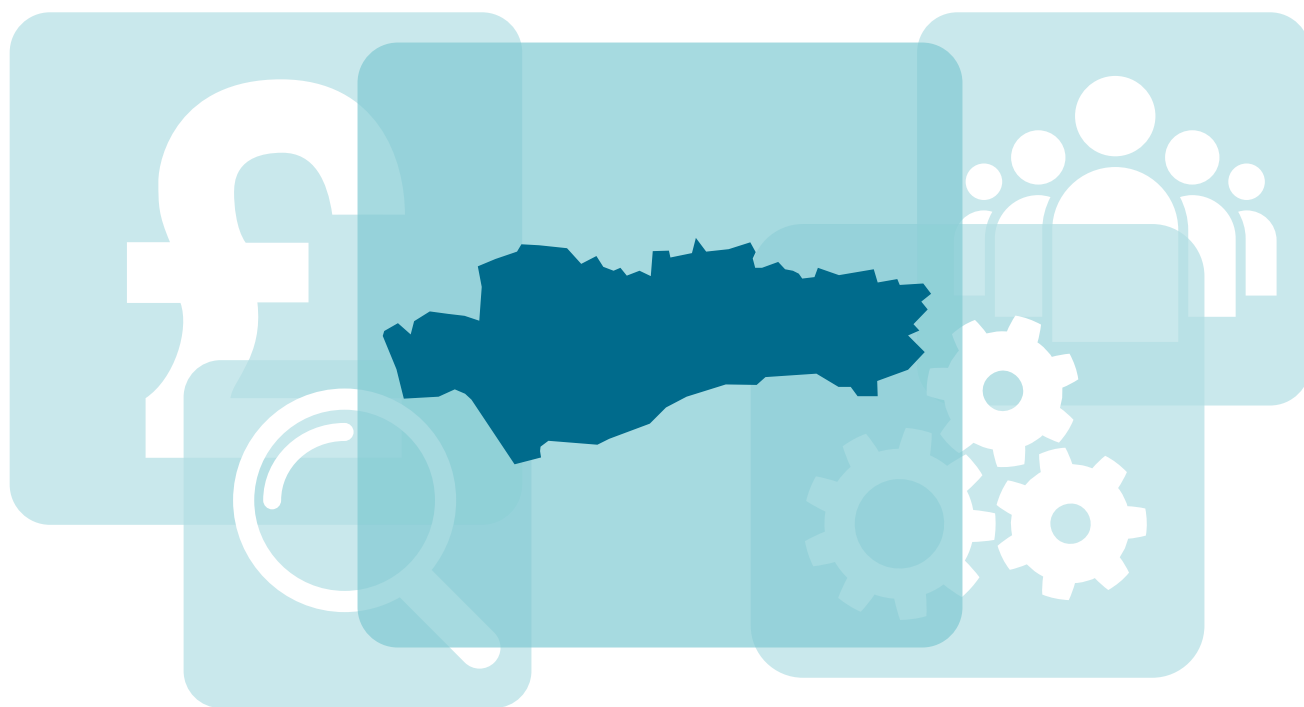
8 February 2024

ANDREA CALDER
HEAD OF CHIEF EXECUTIVE'S SERVICE'S

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Best Value

Dundee City Council



ACCOUNTS COMMISSION 

Prepared by the Controller of Audit
November 2023

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For information on our accessibility principles, please visit: www.audit-scotland.gov.uk/accessibility.

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Key facts

	20	Square miles (Smallest council area in Scotland)
	147,720	Population
	5,973	Workforce (FTE)
	29	Elected members 29 councillors in total; 15 Scottish National Party, 9 Scottish Labour, 4 Scottish Liberal Democrat, 1 Conservative and Unionist (SNP majority administration)
	£38m	Savings required by 2026/27 Cumulative funding gap of £38 million projected for the period 2024-27
	£392m	Net revenue budget 2022/23 including £56.5 million HRA budget
	£99m	Capital budget 2022/23 £75 million for general fund projects and £24 million for HRA projects

Commission findings

- 1** The Commission welcomes and endorses the Controller of Audit's report on Best Value in Dundee City Council.
 - 2** Overall, we commend the council for the progress it has made since the Best Value Assurance Report in September 2020, and are pleased to note that it has implemented all our recommendations.
 - 3** It is clear that the effective leadership provided by officers and elected members is an area of strength for the council. This is demonstrated in the clarity and coherence of the council's vision and planning, its alignment of resources with its priorities, and its fair and balanced public performance reporting, which we welcome.
 - 4** We are also impressed by the commitment to community empowerment and engagement that comes through strongly in the Council Plan and by the evidence of how this is being delivered in practice.
 - 5** We recognise that there are high levels of deprivation and child poverty in Dundee, and long-standing challenges around educational attainment and drug deaths. The Commission is assured that the council is taking action in response to these issues, as in other areas of policy.
 - 6** The council's financial management and planning is sound and again should be commended. We note that challenges remain around delivery of the capital programme, but that this is also showing signs of progress.
 - 7** We welcome the council's commitment to continuous improvement, and encourage elected members and officers to share their approach to this with other councils. It will be essential to sustain this year on year and we look forward to following the council's progress in future Annual Audit Reports.
-

Controller of Audit report

- 1.** This report is made by the Controller of Audit to the Commission under Section 102(1) of the amended Local Government (Scotland) Act 1973.
- 2.** This report draws the Commission's attention to the findings set out in the [2022/23 Annual Audit Report \(AAR\)](#), [\(Appendix 1\)](#), including the [Best Value thematic report](#), on how effectively Dundee City Council demonstrates Best Value [\(Appendix 2\)](#) through continuous improvement in how it delivers its strategic priorities. It reflects the new audit approach to Best Value whereby it is fully integrated with the annual audit at each council and includes detailed work each year focusing on a national theme.
- 3.** The Best Value Assurance Report (BVAR) September 2020 noted that the council had demonstrated a steady pace of improvement since the last Best Value audit in 2010. Since then, the council has continued to make progress and has implemented all of the BVAR recommendations.
- 4.** The chief executive and leadership team have worked together with elected members to provide effective leadership for the council over the last three years. The overall vision of the council remains clear. The Council Plan has been revised, in consultation with citizens, community planning partners and staff, and sets out the council's priorities. Strategic service plans are being updated. The council had a good communication strategy to raise awareness of the new plan and clearly set out how the Council Plan links to other key strategies and plans.
- 5.** The council has an established performance framework which aligns with the Council Plan and its priorities. The council's first Annual Performance Report on the new plan was issued in June 2023 and presented a fair and balanced assessment of performance. Performance is reported internally, and a clear and accessible summary is available on the council website. The council has demonstrated good compliance with the [Statutory Performance Information Direction](#), with clear and focused improvement targets on council priorities, and balanced reporting with easily accessible reports on its website.
- 6.** The council uses the Public Service Improvement Framework on a risk-based approach to drive improvement in specific performance areas. Over the last two years the council's focus has been on revising its plans and it recognises that self-evaluation exercises have been limited during this time. The council is reviewing its Performance Management Framework, which it has committed to do by spring 2024, and will set out its updated approach to self-assessment and improvement.

7. In June 2023, the council reported mixed progress against its first year of the new Council Plan. Performance compared to other councils has improved overall with 41 per cent of indicators in the top two quartiles in 2021/22, but, despite relative improvements, educational attainment measures have remained in the bottom quartile.

8. Community empowerment is strongly reflected within the Council Plan. While the council has historically progressed community asset transfers, no community asset transfers were completed during 2021/22 or 2022/23. The council has though supported community groups and charities to take on responsibility for operating council owned assets for the benefit of local residents.

The council should consider what more can be done to encourage and support increased community ownership.

9. The council has a strong focus on community engagement and is working with community groups to support residents struggling with rising living costs and has some good examples of this work.

The council is not yet achieving its participatory budgeting target of one per cent and should identify further areas where participatory budgeting can be used effectively.

10. The new Council Plan and the Community Partnership Plan (City Plan) were both revised in 2022 and share a common vision for the city of Dundee. The council and its partners know that they need to do more to tackle the high levels of child poverty across the city. Inequality is a clear focus of the City Plan. Local Fairness Initiatives exist to address persistent and enduring issues with inequality, and the council is working with the DWP and Scottish Government on a child poverty pathfinder project. Dundee is making good progress, with further activity planned to the end of 2024/25. The Dundee Partnership continues to work to address drug deaths. Recent data demonstrates some improvement in this area.

11. The council has several plans and strategies that are focused on tackling climate change and reaching net zero by 2045. The council and partners have formed a Climate Leadership Group to coordinate and collaborate on the city's Climate Action Plan. The council is due to publish a Net Zero Transition plan in 2023 which will outline the council's organisational approach to emissions reduction. The Capital Plan includes £96 million of projects to help tackle climate change and reach net zero.

12. Future financial plans show a cumulative funding gap of £38 million for the period 2024-27.

The council's long-term financial strategy needs to be updated to show how resources will be targeted towards priority areas over the next ten years.

13. The council has reported savings of over £147 million through its transformational programme since 2008. The council is embarking on the sixth phase of its transformational programme, which is now integrated within the Council Plan as part of the 'Design a Modern Council' priority. This focuses on property rationalisation, digital service provision, service re-design, shared services and payments and income generation. Officers are currently working up realistic estimates of the savings that can be achieved on the various projects within the transformation programme, which will feed in to future budgets and longer-term financial plans.

14. The council's capital programme is aligned with the priorities in the Council Plan. However, the council has reported slippage of 46 per cent against its 2022/23 capital plan. The council also reported high levels of slippage against its capital programme in 2020/21 and 2021/22. While some of this was Covid-related, some represents over-optimism in the capital plan, and the overall level of year-on-year slippage in the capital programme needs to be managed.

Management should continue to monitor the affordability and deliverability of the five-year capital plan and clearly report to members on emerging overspends, or slippage against key milestones and completion dates.

15. The council has appropriate and effective governance arrangements in place and operates in an open and transparent manner. The council has approved a new committee structure to better reflect priorities.

16. Services were often slow to respond to draft internal audit reports during 2022/23. This led to delays in actions to address recommendations for improvement being agreed, and the reports being issued for consideration by elected members.

Management should ensure that draft internal reports are cleared and reported in a timely manner so that recommendations for improvement can also be actioned within an appropriate timescale.

17. A Strategic Workforce Plan 2023-28, which sets out the workforce transformation and planning required at a corporate level, was approved in July 2023. A Strategic Asset Management Plan and Digital Strategy are also in place.

18. I look forward to seeing the progress the council makes in taking forward the recommendations from the Best Value thematic report and the recommendations from the annual audit, outlined in [Appendix 1](#) of the AAR, in due course.

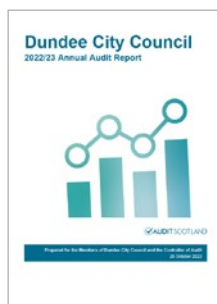
Appendix 1

2022/23 Annual Audit Report

This report summarises the findings from the 2022/23 annual audit of Dundee City Council.

This Annual Audit Report comprises:

- significant matters arising from the audit of the council's Annual Accounts
- conclusions on the council's performance in meeting its Best Value duties
- conclusions on the following wider scope areas that frame public audit as set out in the Code of Audit Practice 2021:
 - Financial management
 - Financial sustainability
 - Vision, leadership and governance
 - Use of resources to improve outcomes.



2022/23 Annual Audit Report Dundee City Council October 2023



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Appendix 2

Best Value

The Local Government in Scotland Act 2003 introduced a statutory framework for Best Value for local authorities. The Best Value duties set out in the Act are:

- to make arrangements to secure continuous improvement in performance (while maintaining an appropriate balance between quality and cost); and, in making those arrangements and securing that balance, to have regard to economy, efficiency, effectiveness, the equal opportunities requirement and to contribute to the achievement of sustainable development
- to achieve break-even trading accounts, subject to mandatory disclosure
- to observe proper accounting practices
- to make arrangements for the reporting to the public of the outcome of the performance of functions.

Best Value

Dundee City Council



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22 November 2023

Dear Mr Colgan,

Statutory Report: Best Value in Dundee City Council

Further to my letter of 1 November, and our meeting on 10 November, I am writing to confirm that, at its meeting on 09 November, the Accounts Commission agreed to make findings on the Controller of Audit's Statutory Report on Best Value in Dundee City Council. I enclose a copy of the findings.

The Commission intends to publish the findings together with the report on the morning of 30 November 2023. I understand that Audit Scotland's communications team are contacting your communications colleagues about the publication arrangements. Please note that the findings and the report are embargoed for use by the media until then, and the Commission will not make any comment in response to media enquiries before that.

At our meeting we also discussed the Council's statutory obligations in how it is required to deal with the report. These obligations are also attached. Essentially, the Council is required to consider the Commission's findings at a meeting of the Council within three months of receiving them, or within such a period as the Commission may specify in writing. If you think the Council will require more time for this, please let me know and we can discuss.

As we also discussed at our meeting, it's the Commission's practice to seek a meeting to discuss the findings directly with representatives of the Council, which would preferably take place before the meeting of the Council at which it considers the findings referred to above. The Commission would be happy to come to Dundee for the meeting and the Commission Support Team can take forward arrangements for this with your office.

Yours sincerely



Allan Campbell
Secretary to the Commission

ACCOUNTS COMMISSION

STATUTORY REPORT: Best Value in Dundee City Council

30 November 2023

FINDINGS

The Commission welcomes and endorses the Controller of Audit's report on Best Value in Dundee City Council.

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The Council's financial management and planning is sound and again should be commended. We note that challenges remain around delivery of the capital programme but that this is also showing signs of progress.

We welcome the Council's commitment to continuous improvement and encourage elected members and officers to share their approach to this with other councils. It will be essential to sustain this year on year and we look forward to following the Council's progress in future Annual Audit Reports.

SELECTED STATUTORY PROVISIONS FOR REPORTS BY THE CONTROLLER OF AUDIT AND PROCEDURE OF THE ACCOUNTS COMMISSION

AN AMALGAMATION OF EXCERPTS FROM THE LOCAL GOVERNMENT (SCOTLAND) ACT 1973 AND THE LOCAL GOVERNMENT IN SCOTLAND ACT 2003

S102 1973 Act - Reports by the Controller of Audit

- (1) The Controller of Audit may, and if so required by the Commission, shall make reports to the Commission with respect to -
- (a) the accounts of local authorities audited under this part of this Act;
 - (b) 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;
 - (c) the performance by a local authority of their duties under Part 1 (best value and accountability) and Part 2 (community planning) of the Local Government in Scotland Act 2003.
- (2) The Controller of Audit shall send a copy of a report made under subsection (1) above to
- (a) any local authority named in the report; and
 - (b) any other person the Controller thinks fit.
- (2A) A local authority shall, forthwith upon their receiving a copy of a report sent to them under subsection (1) or (2) above, supply a copy of that copy report to each member of the authority and make additional copies available for public inspection.

S3 2003 Act - Action by Accounts Commission following report by Controller of Audit

On a report being made to it by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 the Accounts Commission may do, in any order, all or any of the following, or none of them -

- (a) direct the Controller of Audit to carry out further investigations;
- (b) hold a hearing;
- (c) state its findings.

S4(2)(b) 2003 Act

Findings which do not follow a hearing shall be treated as the findings of the members of the Commission holding a hearing.

- (3) Findings may include recommendations and the persons to whom those recommendations may be made include the Scottish Ministers.
- (4) The Accounts Commission shall give a copy of findings so made to any member or officer of a local authority who was named in the report upon which proceeded the hearing to which the findings relate.

S103E 1973 Act - Action by local authorities

- (1) A local authority receiving a copy of findings shall consider those findings at a meeting of the authority within three months of receiving them or within such longer period as the Commission may specify in writing.

- (2) The duty imposed on a local authority by subsection (1) above shall be discharged only by that authority and not by a committee or sub committee or an officer.
- (3) Where findings received by a local authority contain recommendations, the authority shall decide -
 - (a) whether to accept any or all of those recommendations;
 - (b) what, if any, action to take in response to those recommendations.
- (4) A meeting under subsection (1) above shall not be held unless, at least seven clear days before the meeting, there has been published, in a newspaper circulating in the area of the local authority concerned, a notice which -
 - (a) states the time and place of the meeting;
 - (b) indicates that the meeting is to be held in order to consider the findings of the Commission and any recommendations in those findings; and
 - (c) describes the nature of those findings and of any such recommendations.
- (5) The local authority shall, as soon as practicable after that meeting -
 - (a) notify the Commission of any decisions made in pursuance of subsection 3 above; and
 - (b) publish, in a newspaper circulating in the area of the local authority, a notice containing a summary, approved by the Commission, of any such decisions.
- (6) A notice under subsection 5(b) above shall not need to summarise any decision made while the public were excluded from the meeting -
 - (a) under section 50A (2) of this Act (confidential matters) or in pursuance of a resolution under section 50A (40) of this Act (exempt information); but
 - (b) in a case where section 50C and 50D of this Act (availability for inspection after meetings of minutes, background papers and other documents) apply in relation to the meeting, shall indicate the documents which, in relation to that meeting, are open for inspection in accordance with those sections.