

ANGUS COUNCIL

SCRUTINY AND AUDIT COMMITTEE – 19 APRIL 2016

ACCOUNTS COMMISSION REPORT

REPORT BY IAN LORIMER – HEAD OF CORPORATE IMPROVEMENT AND FINANCE

ABSTRACT

This report presents for the Committee's interest and review a recently published report by the Accounts Commission, which is relevant to the business of the Council and the role of this Committee.

1. RECOMMENDATIONS

It is recommended that the Scrutiny and Audit Committee:

- (i) review and scrutinise the contents of the report
- (ii) provide any commentary considered appropriate at this time

2. ALIGNMENT TO THE ANGUS COMMUNITY PLAN/SINGLE OUTCOME AGREEMENT/COPORATE PLAN

This report forms a key part of the Council's overall governance arrangements and this contributes towards all of the outcomes the Council is trying to achieve through the Angus Community Plan and Single Outcome Agreement.

3. BACKGROUND

In March 2013, the Accounts Commission published a report on *Major Capital Investment in Councils*. Report 532/13 to this committee in September 2013 summarised the findings of the report, provided officers' self-assessment of arrangements in Angus Council and identified areas for further development.

In January 2016, the Accounts Commission published a follow-up to the 2013 report. A copy of the follow-up report is attached at Appendix 1.

4. KEY MESSAGES AND RECOMMENDATIONS FROM THE ACCOUNTS COMMISSION REPORT

The 2016 report assesses the extent to which councils have improved performance in managing their capital investment programmes and projects since the 2013 report. The Accounts Commission found that councils have made some progress in addressing the recommendations from the 2013 report, and display aspects of good practice, but further improvement is needed to comply fully with good practice.

Angus was one of eight councils selected for detailed evaluation during the follow-up audit, which looked in detail at the Brechin Community Campus project. Examples of good practice, highlighted in appendix 2 to the report, include elected member representation on the Policy & Budget Strategy Group and the Capital Projects Monitoring Group.

The report recommends that all councils ensure that they:

- prepare business cases that comply with good practice for every capital project
- revisit and monitor business cases throughout every capital project

- regularly carry out post-project evaluations to help establish whether planned benefits are realised and to identify good practice or lessons learned
- consider how best to review projects at key stages, using independent experts as necessary, to help provide assurance about project progress and to identify any potential problems
- are proactive in sharing lessons learned from projects, both, successful ones or those that ran into significant difficulties, within the organisation and with other councils
- develop their capital monitoring reporting to include:
 - cumulative spending against total capital budget and the progress of each significant project against its key milestones
 - reasons for and consequences of slippage, or delays, of capital projects and any changes in the timing of capital spending
 - clear outlines of the benefits that individual projects have realised, and how these compare with the expected benefits outlined in business cases
 - updates of the risks associated with capital projects and programmes, including their financial and non-financial implications
- provide elected members with regular training on capital investment to enable them to scrutinise effectively capital investment activity.

5. AREAS FOR DEVELOPMENT WITHIN ANGUS COUNCIL

As noted previously in report 532/13, Angus Council has a well established, comprehensive capital budgeting and monitoring process in place. The Accounts Commission recommendations have however highlighted some areas for further development going forward, the following of which are applicable to Angus Council:

- Business Case Preparation and Monitoring
The report recommends that all councils prepare business cases that comply with good practice for every capital project, which are then revisited and monitored as the project progresses. The development of capital projects is an area that has changed considerably over recent years, with the advent of Transforming Angus and alternative procurement options via the Scottish Futures Trust. As the council has moved away from the traditional departmentally focussed approach to a priority based budgeting approach, this has resulted in the Capital Project Appraisal (CPA) process that is in place often being applied inconsistently. An update of the CPA process is planned to be undertaken in the near future, and this will require to capture how the council now operates with regard to budget setting and the development, procurement, milestones, reporting and monitoring of capital projects.
- Post Project Evaluations and Sharing Lessons Learned
The report recommends that councils regularly carry out post project evaluations and be proactive in sharing lessons learned from projects. This point was also raised in the original March 2013 report, at which point it was noted that no formal post project evaluation was generally carried out within Angus Council and was recognised as an area where positive change and improvement could be implemented. This would however require to be driven by the directorate / division carrying out the capital project and the results presented to an appropriate forum for consideration and learning. The requirement to do this will be captured in the revised CPA guidance referred to above.

6. PROPOSALS

The terms of reference of this Committee include the consideration of relevant reports published by the Accounts Commission for Scotland. It is recommended that members

review the follow-up report, consider its implications for the Council and provide any commentary considered appropriate.

7. FINANCIAL IMPLICATIONS

There are no direct financial implications arising from this report.

NOTE: No background papers, as detailed by Section 50D of the Local Government (Scotland) Act 1973 (other than any containing confidential or exempt information) were relied on to a material extent in preparing the above report.

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List of appendices

1. Accounts Commission follow-up report *Major Capital Investment in Councils*.