Argyll and Bute Council

Internal Audit Report

September 2018

FINAL

Community Empowerment Act

Audit Opinion: High

	High	Medium	Low
Number of Findings	0	0	0

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Contents

Contact Details

Internal Auditor: ***Mhairi Weldon***

Telephone: ***01546 604294***

e-mail: ***Mhairi.weldon@argyll-bute.gov.uk***

www.argyll-bute.gov.uk

1. Executive Summary

Introduction

1. As part of the 2018/19 internal audit plan, approved by the Audit & Scrutiny Committee in March 2018, we have undertaken an audit of Argyll and Bute Council's (the Council) system of internal control and governance in relation to the Community Empowerment Act (the Act).

2. The audit was conducted in accordance with the Public Sector Internal Audit Standards (PSIAS) with our conclusions based on discussions with council officers and the information available at the time the fieldwork was performed.

3. The contents of this report have been agreed with the appropriate council officers to confirm factual accuracy and appreciation is due for the cooperation and assistance received from all officers over the course of the audit.

Background

4. The Act will help to empower community bodies through the ownership or control of land and buildings, and by strengthening their voices in decisions about public services. The Bill was passed by the Scottish Parliament on 17 June 2015 and received Royal Assent and became an Act on 24 July 2015.

5. The Act provides a legal framework that will promote and encourage community empowerment and participation. It creates new rights for community bodies and places new duties on public authorities. It provides a framework which will:

   - empower community bodies through the ownership of land and buildings and strengthening their voices in the decisions that matter to them
   - support an increase in the pace and scale of public service reform by cementing the focus on achieving outcomes and improving the process of community planning.

6. There are 11 parts covered by the Act:

   - National Outcomes
   - Community Planning*
   - Participation Requests*
   - Community Rights to Buy Land
   - Asset Transfer Requests*
   - Delegation of forestry commissioners' Functions
   - Football Clubs
   - Common Good Property*
   - Allotments*
   - Participation in Public Decision-making*
   - Non-Domestic Rates*

7. The Council have established a working group to oversee the implementation of the various elements of the Act which directly impact on the Council (indicated with "*").

8. Our review has focused on parts 2, 3 and 5 of the Act. Part 8 was reviewed as part of the 2017/18 internal audit plan, parts 9 and 10 are not yet implemented and no new areas of relief are currently being considered by the Council in relation to part 11.

Scope

9. The scope of the audit was to assess preparedness for the Act and ensure appropriate governance and procedures are in place to achieve compliance as outlined in the Terms of Reference agreed with the Chief Executive on 23 July 2018.

Audit Opinion

10. We provide an overall audit opinion for all the audits we conduct. This is based on our judgement on the level of assurance which we can take over the established internal controls, governance and management of risk as evidenced by our audit work. Full detail of the five possible categories of audit opinion is provided in Appendix 1 to this report.

11. Our overall audit opinion for this audit is that we can take a **high** level of assurance. This means that internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with.

Key Findings

12. The audit has not highlighted any significant areas for improvement.

2. Objectives and Summary Assessment

13. Exhibit 1 sets out the control objectives identified during the planning phase of the audit and our assessment against each objective.

Exhibit 1 – Summary Assessment of Control Objectives

	Control Objective	Assessment	Summary Conclusion
1	The Council has appropriate guidance to enable compliance with the Community Empowerment (Scotland) Act 2015 for the elements covered by this review.	High	Appropriate guidance for both the public and council officers has been prepared and made available.
2	The Council's priorities and outcomes are influenced by community engagement.	High	The Council, and, more widely the Community Planning Partnership (CPP) engages actively with the community through a combination of community events, information provision and the activity of area community planning groups.
3	The Council implemented parts 2, 3 and 5 of the Act timeously.	High	The Council implemented parts 2, 3 and 5 in line with the required dates stipulated by the Act.
4	Applications for Participation Requests and Asset Transfer Requests submitted to the Council are	High	All validated applications received in the first year of implementation of the Act were appropriately

	supported and assessed in line with the Council guidelines.		assessed with decisions taken in line with relevant guidance.
5	Staffing resources and procedures currently in place are adequate to support the work involved.	High	Implementation of the Act has resulted in additional workload for staff however this has been managed through the implementation of guidance, procedures and staff development.

14. Further details of our conclusions against each control objective can be found in Section 3 of this report.

3. Detailed Findings

The Council has appropriate guidance to enable compliance with the Community Empowerment (Scotland) Act 2015 for the elements covered by this review.

15. The Council website has dedicated information pages in regard to the Act that provide an overview of the Act's various elements and links to where further information or support can be found including other relevant websites. This is available to staff and members of the public.

16. The content of the forms and guidance available on the Council's website for parts 3 and 5 comply with the requirements set out by the Act. For part 2 a direct link to the legislation is provided as well as a link to the Community Planning Partnership area of the website which provides further information and ways to get involved.

17. The terms of reference of the CPP provides its members with information on the formal meeting structure and community engagement requirements covering part 2 of the Act. Further guidance on part 3 of the Act is available on the HUB and available to all council staff. Guidance on part 5 of the Act is available to appropriate staff and members of the Asset Transfer Group via a SharePoint site.

18. The Strategic Risk Register and Operational Risk Register of the Chief Executive's Unit have been updated to include appropriate reference to the Act.

The Council's priorities and outcomes are influenced by community engagement.

19. The CPP has been in place since 2001 with the 2013-2023 Single Outcome Agreement (SOA) renamed the 2013-2023 Local Outcome Improvement Plan (LOIP).   Progress achieving outcomes is regularly reported to the CPP Management Committee and area community planning groups.

20. The process for consultation on the first SOA (formerly Community Plan) was agreed in August 2012 and undertaken throughout January and February 2013, it included the full CPP, Area Community Planning Groups and other interested parties. The LOIP demonstrates a clear understanding of local needs, circumstances and aspirations of its local communities, it incorporates an overall objective and six local outcomes that are linked to six national policy priorities for community planning and contributes to 16 national outcomes. Each local outcome states starting position, details what success will look like in ten years and what progress is expected on priority actions and activities in the first three years.

21. Place standard consultation was held in April 2017 to support the "design and delivery of successful places, creating quality development where people want to live" , this received

responses from 474 people across all four areas of Argyll and Bute and determined what activity needs to take place and where in the next one to three years.

22. The LOIP is supported by shorter term delivery plans which are reviewed regularly through the CPP Management Committee and area community planning groups. The annual report describes projects in place and key achievements in the year in progressing local outcomes.

23. Locality plans are in place via area community planning action plans. Eight outcomes have been identified and assessed using the Improvement Service's community planning outcome profile tool (out of work benefits, child poverty, S4 tariff rate, positive destinations, crime rate, emergency admissions, early mortality and depopulation).

24. Area Community Action Plans are dated 2017-20 and are to be subject to quarterly monitoring with an initial review scheduled following year-end 2018-19. Communities have been prioritised for targeted CPP work and identified actions to address poorer outcomes allocated to lead organisations to progress over the period 2017-2020.

25. The Council engages with the community in a variety of formats ensuring that the National Standards for Community Engagement are followed (inclusion, support, planning, working together, methods, communication and impact). Examples include:

    - Community Empowerment event at the Three Villages Hall in Arrochar in March 2017, attended by members of the community and 3rd sector organisations. Presentations were provided by officers, organisations and MSPs to advise on key aspects of the Act.
    - "Big Listen" events throughout Argyll and Bute area to gather the views of local people.
    - Community Planning Partnership (CPP) and Area Community Planning Groups. A fortnightly CPP Bulletin provides up-to-date and relevant information for Argyll and Bute as well as information about, and links to, current consultations.

26. The membership of the CPP was reviewed in December 2015. The terms of reference dated June 2018 indicates that all 16 statutory organisations, as determined by the Act, are represented on the CPP. The CPP is further enhanced through the inclusion of two community bodies, three thematic links/groups and 14 other organisations. Meetings of the full CPP are held annually in December with a document containing highlights of this meeting passed to the Area Community Planning Groups in February for information and further distribution. Meetings of the CPP Management Committee are held in the remaining three quarters of the year with meetings well attended and papers and minutes available on the Council's website.

27. The four area community planning groups hold quarterly meetings which are well attended and papers and minutes are available on the Council's website.

28. The communications, marketing and web strategy does not currently contain an overall approach to consultation; however, this has been prepared along with a toolkit/guidance. These are to be submitted for approval to Customer Services Department Management Team imminently after which they will be made available to all staff on the Council's intranet site "HUB".

29. The CPP, along with the Improvement Service, are undertaking a self-assessment exercise to identify improvements. A survey was sent to CPP Management Committee members on 20 August 2018 with results to be considered at the CPP Management Committee on 19 September

2018. A similar exercise was undertaken three years ago that identified improvements to benefit both the community and the CPP.

The Council implemented parts 2, 3 and 5 of the Act timeously.

30. Guidance on Community Planning was available prior to the implementation date of 20 December 2016. Scottish Government Guidance (dated December 2016) is used and accessible via the internet.

31. Guidance on Participation Requests was available for the implementation date of 01 April 2017. Scottish Government Guidance (dated April 2017) is used and accessed via the council's website. The webpage offers further information and an online application process with inbuilt guidance.

32. New guidance on Asset Transfer Requests was available for the implementation date of 23 January 2017. Scottish government guidance (dated January 2017) and a summary document are used and accessed via a link on the Council's website. Internal process guidance has been developed by staff and the Asset Transfer Group and is currently under review. Key elements of the guidance are detailed throughout the application process via forms and frequently asked questions.

Applications for Participation Requests and Asset Transfer Requests submitted to the Council are supported and assessed in line with the Council guidelines.

33. Participation requests are focused on extending and improving community participation in improving outcomes for communities. They enable communities to request to participate in decisions and processes which are aimed at improving outcomes.

34. Four participation requests had been submitted at the time of the audit. All four were reviewed and we confirmed that:

    - all four qualified as "community transfer bodies" either through submission of their company memorandum and articles of association or their status as community councils
    - requests were submitted in the correct format and stated the required outcome, reason for request, knowledge and expertise of the group and how the outcome will be improved through their participation
    - decision notices were provided in a timely manner and in the correct format
    - decision notices contained the reason for agreement, the stage the processes had reached, and how and to what extent the body is expected to participate.

35. As required by the Act an Annual Report has been published containing the number of requests received, number which resulted in changes to service and any action taken to promote and support the making of participation requests.

36. Part 5 of the Act introduces a right for community bodies to make requests to the Council for any council owned land or buildings they feel they could make better use of. They can request ownership, lease or other rights as they wish. The Council must transparently assess requests against a specified list of criteria, laid out in the Act, and agree the request unless there are reasonable grounds for refusal.

37. One asset transfer request has been submitted, validated and agreed to date. The applicant is a community trust that is both a registered company and charity. The Articles of Association have been submitted with the application and assessed to confirm it is an appropriate community

transfer body with appropriate governance arrangements in place with the capacity to deliver the project and make it sustainable.

38. The application contains all essential elements as per the guidance including specific location, reason, considered benefits, payment offered, duration of lease, and the nature and extent of rights sought. There has been no alternative proposal received for the same asset and the application has been thoroughly assessed by the appropriate council services as part of the overall assessment to support the decision taken.   The decision notice has been provided in an appropriate format specifying the terms and conditions and was issued within the six month timeframe required by the Act.

39. No applications have been declined and therefore there has been no requirement to undertake the review and appeals processes.

40. As required by the Act a comprehensive register of land and assets has been compiled and published on the Council's website and an asset transfer request annual report has been prepared and published on the Council's website.

Staffing resources and procedures currently in place are adequate to support the work involved.

41. Whilst implementation of the Act has resulted in additional workload, this has been managed through use of guidance, appropriate procedures and staff development. This has helped ensure that all participation and asset transfer requests were processed within the timescale allowed within the Act.

42. Officers have been allocated roles relevant to their professional knowledge and experience to allow completion of tasks.

43. Some members of the Special Projects Team and Social Enterprise Team have attended training relevant to part 5 of the Act. The Asset Transfer Group meets monthly and makes use of a SharePoint site to access documentation, legislation and guidance for reference.

Appendix 1 – Audit Opinion

Level of Assurance	Definition
High	Internal control, governance and the management of risk are at a high standard. Only marginal elements of residual risk have been identified with these either being accepted or dealt with. A sound system of control designed to achieve the system objectives is in place and being applied consistently.
Substantial	Internal control, governance and the management of risk is sound. However, there are minor areas of weakness which put some system objectives at risk and specific elements of residual risk that are slightly above an acceptable level and need to be addressed within a reasonable timescale.
Reasonable	Internal control, governance and the management of risk are broadly reliable. However, whilst not displaying a general trend, there are a number of areas of concern which have been identified where elements of residual risk or weakness may put some of the system objectives at risk.
Limited	Internal control, governance and the management of risk are displaying a general trend of unacceptable residual risk above an acceptable level and placing system objectives are at risk. Weakness must be addressed with a reasonable timescale with management allocating appropriate resources to the issues raised.
No Assurance	Internal control, governance and the management of risk is poor. Significant residual risk and/or significant non-compliance with basic controls exists leaving the system open to error, loss or abuse. Residual risk must be addressed immediately with management allocating appropriate resources to the issues.