

The City of Edinburgh Council

The Audit of Best Value and Community Planning



Prepared for the Accounts Commission

February 2007



The Accounts Commission

The Accounts Commission is a statutory, independent body which, through the audit process, assists local authorities in Scotland to achieve the highest standards of financial stewardship and the economic, efficient and effective use of their resources. The Commission has four main responsibilities:

- securing the external audit including the audit of Best Value and Community Planning
- following up issues of concern identified through the audit, to ensure satisfactory resolutions
- carrying out national performance studies to improve economy, efficiency and effectiveness in local government
- issuing an annual direction to local authorities which sets out the range of performance information they are required to publish.

The Commission secures the audit of 32 councils and 35 joint boards (including police and fire services). Local authorities spend over £13 billion of public funds a year.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

Contents

Contents	1		
Commission findings	2		
The Audit of Best Value	4		
Overall conclusions	6		
Part 1: Does the council have clear strategic direction?	10	Part 2: Is the council organised to deliver continuous improvement?	26
		Part 3: Is the council delivering better public services?	43
		Part 4: What needs to improve?	69

Commission findings

1. The Commission accepts this report on the performance of the City of Edinburgh 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. Edinburgh is Scotland's capital and maintains a high national and international profile. The City has a thriving economy and an increasing working age population, in contrast to the national trend. Large numbers of people commute to work from outside Edinburgh and the City has a high number of visitors. While these factors can act to Edinburgh's advantage, they also place significant additional pressures on council services. In addition, the council has to manage significant contrasts within the City, between affluent and deprived areas.
3. Edinburgh displays many of the features of a Best Value council:
 - A clear and ambitious vision.
 - Corporate planning arrangements which directly connect the vision to service planning and budgeting.
 - Clear direction and accountability through modernised political management structures.
 - Effective scrutiny arrangements at elected member level.
 - Good corporate arrangements for asset management, risk management and performance information.
 - Progress in equal opportunities and sustainable development.
4. With these sound corporate arrangements in place the council should be in a position to secure continuous improvement in the delivery of services. This report demonstrates that there are many examples of good service delivery and that the council's investment in management processes is resulting in improvement where it is required, such as the housing service. However, the council still has work to do to secure improved outcomes for the people of Edinburgh in a number of areas:
 - Five out of the nine significant trading operations failed to achieve statutory break even over a three-year rolling period.

- Refuse collection, street cleanliness and road and pavement maintenance services need to improve. Firm plans should be established to test the competitiveness of the refuse collection service.
 - Processing of planning applications is below the national target and the national average.
5. We welcome the council's recognition of the areas in which improvement is needed and we look forward to receiving an Improvement Plan based on the improvement agenda set out in the report.

The Audit of Best Value

This report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973. After considering it the Commission may do any or all of the following:

- direct the Controller to carry out further investigations
- hold a hearing
- state its findings.

The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The scope of Best Value and Community Planning is very broad but in general terms a successful council will:

- work with its partners to identify a clear set of priorities that respond to the needs of the community in both the short and the longer term
- be organised to deliver those priorities
- meet and clearly demonstrate that it is meeting the community's needs
- operate in a way that drives continuous improvement in all its activities.

The challenge for local government is to find new ways of working across services and with other bodies to achieve the best results for citizens and service users. The key objectives of this audit were to:

- Assess the extent to which the City of Edinburgh Council is meeting its duties under the Local Government in Scotland Act 2003.
- Agree planned improvements with the council. These will be reviewed by the council's local external auditor over the next three years.

As Best Value and Community Planning encompass all the activities of a council it is not realistic to audit everything in depth, so we plan our detailed work in two ways:

- Where possible, we draw on the findings of other scrutiny processes, such as the work carried out by inspectorates. These are incorporated into our report.
- We select certain aspects of the council's performance for detailed audit investigation. A wide range of sources, including the council's own assessment of its performance, reports issued by external audit and inspections and national Statutory Performance Indicators (SPIs), informs this selection.

The report reflects this selective approach, with detailed commentary on some areas and limited coverage in others. While we have made some comparisons with other councils, our overall approach has focused on performance trends and improvement within City of Edinburgh Council. The report also reflects the picture available at the time our main audit work was conducted between May and September 2006. We gratefully acknowledge the co-operation, assistance and hospitality provided to the audit team by Councillors Ewan Aitken and Donald Anderson, the current and previous Leaders of the Council respectively; Tom Aitchison, Chief Executive; Alex McGuigan, Corporate Projects Manager; and all other elected members and staff involved. We are also grateful to the representatives of community organisations and the council's community partners who agreed to participate in the audit.

Overall conclusions

The City of Edinburgh Council has an ambitious vision and clear strategic direction for a city which has a high national and international profile and which faces a range of challenges to continued growth, in particular in providing an effective transport infrastructure and increasing the supply of affordable homes.

The council has strong and generally effective leadership from elected members and senior officers. It works well with strategic partners to deliver major projects and events. The council is committed to continuous improvement and has invested in an extensive change programme which covers core services, strategic projects, business processes and organisational culture. The services provided by the council are generally improving, albeit from a low starting point in some areas, and the council has changed the way that services are configured to provide a clearer focus on its priorities and on key customer groups.

The council is aware of where improvement is most needed; it needs sustained action to improve community planning, refuse collection, planning and some aspects of adult social care. It needs to take a more strategic approach to workforce planning and longer term financial planning; and performance information needs to be used more widely throughout the council to report on the progress of strategic initiatives and projects. The council now needs to implement and further develop its improvement programme to provide a clear focus for investment and action.

1. As capital of Scotland, Edinburgh maintains a high national and international profile. It is home to the Scottish Parliament and is the second most popular UK tourist destination after London. Edinburgh has a thriving economy, and continues to enjoy many benefits from its post-devolution growth. This positive picture, however, masks considerable variation between relatively affluent and more deprived neighbourhoods, for instance in life expectancy and unemployment levels. Managing growth while narrowing the gap between the life opportunities of its citizens presents the council with significant challenges over the next decade and beyond.
2. Transport and the provision of affordable housing represent particular difficulties. Large numbers of people commute to work from outside the city, swelling its population during the working day, and this is increased further by around four million visitors to the city each year. Visitors delivered around £985 million to the local economy last year, but they place pressures on the city's infrastructure. Edinburgh is a relatively expensive city to live in, with an average house price of £203,000 compared to the Scottish average of £123,000, and there is a high proportion of private rented accommodation compared with other parts of Scotland.
3. Since 1996 the council has contributed to sustaining the growth of the city and supporting the local economy through major development projects, improving the transport infrastructure and supporting a wide range of capital city events and festivals. The council and its partners have to manage the high expectations that residents and visitors hold of a capital city.

4. Over the last few years the council has modernised its internal arrangements. It has an executive model of political administration made up of members from the majority political group, along with scrutiny panels and statutory and regulatory committees. The council has seven cross party scrutiny panels but their effectiveness is variable. The Resource Management and Audit Panel, chaired by a member of the opposition, is particularly effective. The council reviewed these arrangements in 2005 and is now implementing improvements.
5. The council has been changing the way that it delivers services under its Council Review 2007 (CR2007) programme. This programme is part of a wide-ranging improvement agenda which aims to provide a stronger and more consistent customer-focused culture across all aspects of the council's operations. A key focus so far has been to improve the alignment of services with customer groups (Children and Families and Services for Communities), services delivered in partnership with NHS Lothian (Health and Social Care) and services focused on priority areas (City Development), and the council has been restructuring services around these themes. The council's investment is also reflected in its achievement of council wide Investors in People (IIP) accreditation.
6. At the time of the audit, the CR2007 was not complete and many of the changes were relatively new. As a consequence, departments still vary in the extent to which they achieve the council's customer-focused ambitions. There are positive signs in children and families services and services for communities, but city development appears to be lagging behind in moving from a traditional functional and professional based culture to a more customer-focused approach. The next phase of the change programme, agreed in November 2006, is designed to tackle this.
7. The council's broader improvement agenda includes major development projects and programmes of service improvement. There are a number of strands of significant investment including the council's Strategic Work Programme, CR2007, and the SMART city programme. These individual initiatives are well planned and managed, and the council plans to further improve its programme management structures and reporting arrangements.
8. This wide-ranging improvement agenda demonstrates a clear understanding of the challenges the council faces. It has a good awareness of where it needs to improve, and most of the items we have identified for improvement are consistent with the council's own assessment and improvement plan.
9. The council has an ambitious vision and a clear strategic direction. There is strong leadership from elected members and officers, and relationships between elected members and officers are generally positive and effective. The chief executive is well respected and effective and has sustained a strong focus on improving corporate working. During the course of our audit, the new council leader was appointed. He has provided a renewed focus in a number of areas such as the supply of affordable housing, sustainable development and joint working.

10. Over the last year or so the council has faced significant public challenges to its transport and housing strategies. It has sought to learn from these failures and is currently developing alternative strategies for these important areas. It acknowledges that the pace of improvement may be slower than under its original plans and it will need to work hard to recover its profile in the face of such public opposition. The council also needs to consider these challenges in the light of its household survey which showed a marked gap between satisfaction with Edinburgh as a place to live (92 per cent) and satisfaction with the way the council runs the area (53 per cent).
11. The council has a record of working effectively with its strategic partners, in particular NHS Lothian, Scottish Enterprise, and Lothian and Borders Police, to deliver major projects and improvements to core services. The council is increasingly working with Glasgow City Council to share good practice and promote the two cities and the central belt as a driver for the Scottish economy.
12. The council and its partners need to refocus community planning, which has had mixed success. Many of the most effective partnerships pre-date the new legislative requirements for community planning, and the Partnership now needs to prioritise its objectives and set more outcome-focused measures. The council is planning to introduce 12 new Local Community Planning Partnerships from May 2007. These arrangements should complement the local and customer-focused vision that the council articulates in its key strategies. In order for the Partnership to achieve its objectives and demonstrate what it is achieving, it needs to develop effective performance management arrangements.
13. The council has made considerable investment in developing systems and business processes to support modernisation and continuous improvement. These include sound business planning and performance management frameworks, and good arrangements for managing Information and Communication Technology (ICT), community engagement and procurement. In some areas frameworks have been established but the new arrangements are not yet fully embedded. These include workforce planning, which requires a more strategic approach, and longer term financial planning; in addition performance information needs to be used more widely throughout the council to report on the progress of strategic initiatives and projects.
14. Council services are generally improving, and the rate of improvement is above the average for Scotland as a whole. Challenges remain and in some areas improvement is being achieved from a relatively low starting point. These areas are clearly identified in the council's improvement plans and include: refuse collection; roads, pavement and street lighting; housing management; and planning services. The council also needs to improve its performance in some aspects of adult social work and criminal justice.
15. The refuse collection service has suffered from high levels of costs, sickness absence and complaints, and in August 2005 the council decided that the service should be subject to competitive tender. In

June 2006, the council agreed to delay market testing to allow the new services for communities department to improve performance before the tender exercise. At the time of our audit no firm timetable for this process had been approved by the council's executive. This position is not sustainable and the council should establish firm plans for testing the competitiveness of this service as soon as possible.

16. The council is making good progress with a significant change programme which aims to deliver continuous improvement and more responsive, customer focused services. It has developed a number of effective systems and processes and continues to add to these to provide a firm base for improvement in the future. It is critical that the council now focuses on implementing and developing its new programme management arrangements which will help to establish a consistent customer focused corporate culture and ensure that resources are invested in the areas that are most important. The council also needs to use its performance management framework to improve areas of weaker service performance. Finally, the council and its partners need to make more progress in developing effective strategies for key issues such as transport and affordable housing.

Part 1: Does the council have clear strategic direction?

Edinburgh has a thriving economy and a growing population, but it also has pockets of deprivation and faces challenges to continued growth, in particular in providing an effective transport infrastructure and affordable homes. The council has a clear set of strategic objectives which reflect this context, and members and officers provide strong and generally effective leadership.

The council has an effective mechanism for learning from review activity across the council, and it is developing its arrangements for prioritising and monitoring planned improvement activities to provide a clearer focus for investment in the future.

The City of Edinburgh

17. Edinburgh is located on the eastern side of Scotland's central belt at the mouth of the River Forth. It covers 264 km² and has the third highest population density of all Scottish local authorities.
18. As capital of Scotland, Edinburgh maintains a high national and international profile. It is home to the Scottish Parliament and is the second most popular UK tourist destination after London. Edinburgh's capital city status puts additional pressures on the council in the form of increased service demands and expectations in services such as cleaning, cultural services, and the management of major events.
19. Since 1996 the council has contributed in a number of ways to the growth of the city and the local economy: for example, the Edinburgh Park/Gyle development which has created 110,000sqm of office space and is linked to the city centre by the new Edinburgh Park station; the £1 billion waterfront development; and the Edinburgh International Conference Centre. The council also supports or manages capital city events, such as major summer and winter festivals. These activities promote the profile of the city and Scotland.
20. Edinburgh has a thriving economy and an increasing working age population in contrast to the national trend, but this positive picture masks considerable variation between affluent and more deprived neighbourhoods. Managing this growth and narrowing the gap between the life opportunities of its citizens presents the council with significant challenges over the next decade and beyond.
21. The population of Edinburgh City in 2005 was 458,000 and the city has the fourth highest rate of growth of all councils in Scotland. There is currently a slightly higher proportion of people of working age, and slightly lower proportions of children and older people, than for Scotland as a whole

(Exhibit 1). Population projections indicate that over the next 18 years the proportions of children and working age people will increase, again in contrast to the Scottish trend, while the proportion of older people is increasing more slowly than in Scotland as a whole.

Exhibit 1

Population projections

Age group	Percentage of population, 2005 Edinburgh	Percentage of population, 2005 Scotland	Percentage increase by 2024 Edinburgh	Percentage increase by 2024 Scotland
0 - 15	15%	18%	4%	-12%
Working age	67%	63%	5%	-8%
Older people	17%	19%	27%	38%
Overall increase			9%	0%

Source: Edinburgh City Economic Briefing, Scottish Executive, 13/09/2006.

22. Transport is an important challenge for the city. Large numbers of people commute to work from outside the city, swelling its population during the working day. This is increased further by the high numbers visiting the city. An estimated four million visits are made to Edinburgh each year, with a value of £985 million to the local economy. This places pressures on the city's infrastructure, such as roads, and makes demand more complex in community services, culture and leisure, and children and families services.
23. Affordable housing is important. Edinburgh is a relatively expensive city, with an average house price of £203,000 compared to the Scottish average of £123,000. The balance between council owned and private rented accommodation is very different from the national average. In Edinburgh 17 per cent of properties are in the private rented sector, compared with the Scottish average of seven per cent, and only 16 per cent are public sector properties compared to the national average of 25 per cent.
24. The council has to manage significant contrasts within the city. Health, education, economic and deprivation indicators for Edinburgh are generally better than the Scottish average, sometimes by a long way, but this masks significant contrasts between affluent and deprived areas. For example, life expectancy for males varies between 81.4 years in the Fairmilehead area and 65.8 years in Craigmillar. Unemployment rates range from 14.9 per cent in Craigmillar to 0.6 per cent in Balerno. The affluent sections of the population also support a large private school sector which accounts for 25 per cent of the city's overall secondary education provision.
25. Edinburgh has a large graduate workforce with higher than average earnings, and there is a high concentration of jobs in the finance and business sectors. The Royal Bank of Scotland, HBOS and

Standard Life have headquarters in Edinburgh, and all benefit from the highly qualified workforce. The council is aware that dependency on a small number of large employers presents its own challenges.

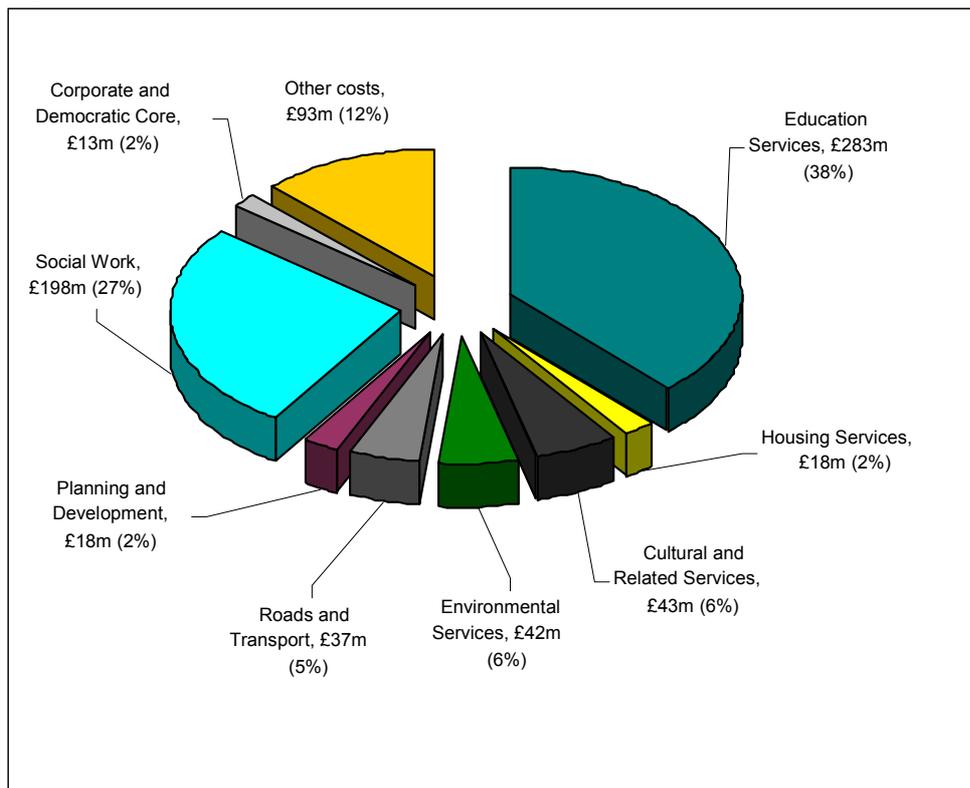
26. Edinburgh has the second highest proportion of black and minority ethnic residents in Scotland (4.1 per cent) after Glasgow. Inward migration has brought benefits to the city by filling job vacancies and adding to the cultural diversity of the city, but it has increased the demands on the council's translation service and on English as an Additional Language support in schools.

The City of Edinburgh Council

27. The council's 2006/07 total General Fund net expenditure budget amounts to £773 million and planned capital expenditure is £211 million. In June 2006, the council employed over 21,000 people, third only to Glasgow City Council (38,000 staff) and Fife Council (24,000 staff). The council's Band D council tax for 2006/07 is £1,152 which is ninth highest in Scotland and slightly above the Scottish average of £1,129. In 1996/97, Edinburgh had the highest council tax in Scotland. Since then the rate of council tax increase in Edinburgh (42 per cent) has been lower than the Scottish average of 59 per cent.

Exhibit 2

Net revenue budget 2005/06

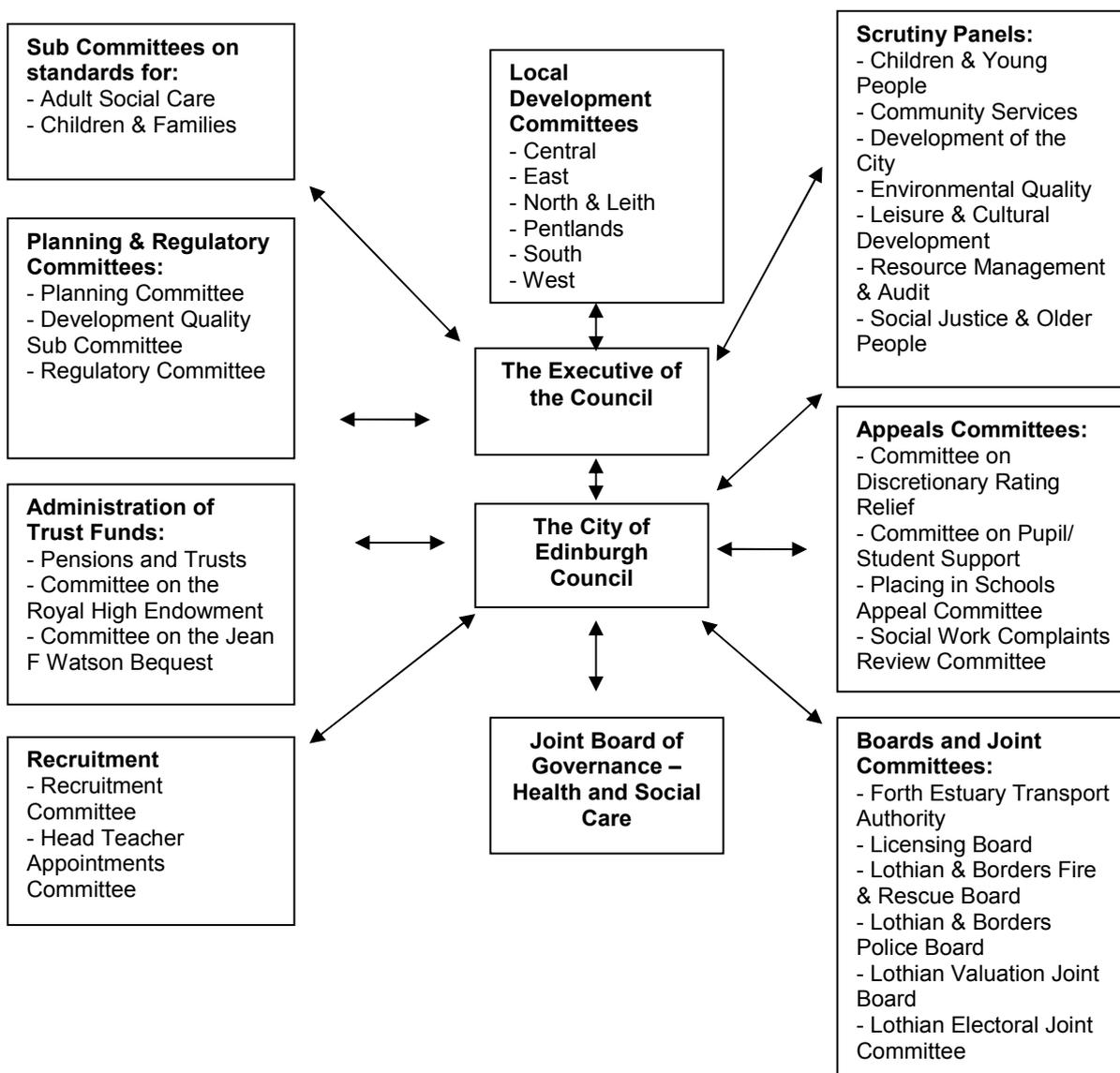


Source: Consolidated Revenue Account for the year ended 31 March 2006, The City of Edinburgh Audited Financial Statements 2005/06

28. The council has 58 elected members: 30 Labour, 14 Liberal Democrats, 13 Conservative and one Scottish National Party. The council modernised its political structures in 2000 and introduced a council executive and seven cross party scrutiny panels. It also has more traditional regulatory committees and appeals panels (Exhibit 3). The council's executive model provides strong corporate leadership and timely decision making through fortnightly meetings. The political and managerial structures are well aligned with the council's key priorities, such as supporting the local economy and transport, and with its main customer groups such as children and young people. Part 2 of this report considers scrutiny in more detail.

Exhibit 3

Political management structure

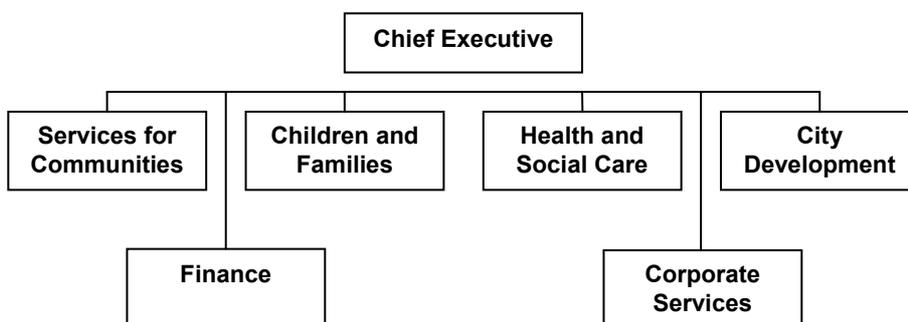


Source: The City of Edinburgh Council

29. Our survey of elected members and interviews found that some members in all political parties consider that the current political structures have shortcomings. This does not amount to consensus for a return to the traditional committee structure, but there is a feeling among some backbenchers that they do not have sufficient information or ability to influence debate. The council has an opportunity to consider these views further when it completes its planned review of political structures after the election in May 2007.
30. The council's management structure has been the subject of a major review as part of the CR2007 programme. The purpose of this review has been to align services with major priority areas and customer groups. The council currently has seven service departments but this will shortly reduce to six (Exhibit 4). In November 2006, the council agreed to move most of the services areas covered by culture and leisure services into corporate services, and committed to reviewing the arrangements again in 12 months.

Exhibit 4

Council service structure



Source: Audit Scotland

Vision

The council has a clear vision for the city at international, national, city wide and local levels. The vision for the wider region around the city is less well articulated. The council needs to work with neighbouring councils and partners to provide a clear focus for their combined investment in the future.

31. The council has an ambitious vision for Edinburgh, seeking to make it the most successful and sustainable city in Northern Europe (Exhibit 5). 'Edinburgh's City Vision – Building a better Edinburgh' informs both the Community Plan (2004-2010) and the Corporate Plan (2003-2007).

Exhibit 5

City Vision

Our Vision for Edinburgh is that:

By 2015 Edinburgh will:

- lead the most successful and sustainable city region in Northern Europe
- sustain the highest quality of life of any UK city competing with the best in the world
- keep and attract the people needed to drive its talent and knowledge economy and provide every citizen with the best personal opportunities for work, education and development
- be a safe and tolerant, creative and connected city, promoting the well being of both people and place.

Source: Edinburgh City Vision, June 2003

32. In 2003, the council agreed the Corporate Plan for 2003-2007 which identifies nine priorities that set out the council's contribution to achieving the City Vision:

- keeping the city attractive and clean
- ensuring that Edinburgh remains a safe place to live, and protecting citizens
- providing a stimulating environment for learning, leisure, sporting, artistic and cultural activities
- making sure that the city has modern effective transport arrangements
- supporting the local economy and developing employment opportunities
- supporting Edinburgh's international reputation as a place to visit and do business
- providing a good start for children and young people
- responding to people who need extra help and
- helping people to have the homes they want.

33. The council carried out a mid-term review of the corporate plan in 2005. It has made progress on its priorities and has adapted its transport policies in the light of the referendum on congestion charging. The new Local Transport Strategy retains the central aims of modernising infrastructure and reducing congestion, but at a slower pace and with reduced investment. The council needs a fresh impetus on the affordable homes agenda following the rejection by tenants of the housing stock transfer proposals. A further status report is planned in 2007 to summarise the council's key achievements, identify those areas where further investment is needed, and inform the development of a new corporate plan for the next administration after the 2007 elections.

34. The vision for the wider region around the city is less well articulated. The council's vision recognises the importance of the city to the region and it engages with neighbouring authorities on strategic issues including waste management and transport, specific projects and through the Lothian Authorities Forum. The council and its partners need to draw these separate ambitions, plans and arrangements together to articulate a coherent vision for the city region. This is likely to assist the council and its partners in focusing investment for the future.

Leadership

Elected members and officers provide strong and generally effective leadership although recent housing and transport policies have not been well supported by local communities.

35. There is an effective working relationship between elected members and officers which has facilitated the setting of a clear strategic direction for the council and helped deliver major changes to its services and the way that it does business. In recent years, the council has taken on significant and often challenging issues, such as:
- developing its transport policy, through proposals for congestion charging, city centre traffic management projects and tram and rail links
 - encouraging inward investment, by working in partnership to attract and retain major financial and retail businesses
 - responding to significant events, including the 2002 Cowgate fire, the 2003 O'Brien Report on the death of Caleb Ness and the G8 conference in 2005
 - pursuing a wide-ranging improvement programme of major projects, including service restructuring and reconfiguration and major regeneration projects.
36. At the political level the council executive provides clear direction and is accountable to the council and the citizens of Edinburgh for delivering the organisation's strategic objectives. Members of the executive are responsible for particular functional or service areas and are collectively responsible to the council as a whole. The agendas for executive meetings contain a mix of strategic and corporate issues along with more service specific and local issues.
37. Members demonstrate a clear understanding of what is needed to support the growth and development of the city and what role the council can play to support this. Members also show an understanding of the local priorities of their constituents and are active in local development committees. However, although the council deserves credit for consulting directly with residents through the congestion charge referendum, the leadership's judgement on this and on plans for transferring the housing stock were not supported by the electorate.

38. The leader of the council has a high profile, both nationally and locally. In August 2006 the previous leader stepped down and a new leader was appointed. He has articulated his vision for the city, which includes a particular focus on transport, affordable housing and sustainable development, and has been active in developing the working relationship with Glasgow City Council, neighbouring authorities and the Scottish Executive.
39. The chief executive has maintained a strong focus on improving corporate working across the council and has had a key role in driving the improvement agenda forward through restructuring and other major programmes of change. Council Management Team (CMT) meetings take a corporate approach, focusing on the progress of strategic programmes of work and on service performance, and the CMT work effectively as a team to provide strategic direction for services and the organisation as a whole. Recent HMIE and Communities Scotland reports are positive about the leadership of council services.
40. The CMT has recently reviewed the wide range of strategic improvement programmes that are in place and recognised that further prioritisation is required to focus on the areas of most importance.
41. The council has recognised that building leadership capacity requires investment and has committed a budget of £3.5 million over three years for a range of programmes across the council, including assessment and development centres for senior managers. A range of training opportunities are available for members on specific subjects and skills.

Community planning and partnership working

The council demonstrates some good examples of joint working, but many of the most effective partnerships pre-date the new community planning requirements. The council and its partners need to refocus community planning, prioritise its objectives, set more outcome focused measures and develop effective performance management arrangements to monitor and evaluate progress and impact. The council plans to introduce new Local Community Planning Partnership structures and this provides an opportunity to address these areas and develop a stronger local focus.

42. The city's community planning partnership, the Edinburgh Partnership, initially involved a large number of partners but this engagement was too broad to be effective. In 2003 the partnership was restructured to form a smaller strategic board and a larger forum, 'Edinburgh Partnership in Conference', to retain the broader engagement of partners on key issues.
43. The Partnership's second community plan was published in 2005 following a review in 2003. The plan, *Key Challenges 2004-2010*, outlines a range of aims, challenges and commitments reflected in the City Vision and Corporate Plan. The community plan identifies 48 key actions with 94 associated milestones and provides a good basis from which the partnership can monitor and evaluate its impact. In November 2006 the partnership considered the 2005/06 progress report which recorded that over 50 per cent of the existing milestones had been met or were no longer relevant. The Partnership has agreed to establish clearer strategic priorities within the plan.

44. The partnership has 11 Strategic Partnerships each with a thematic remit ([Exhibit 6](#)).

Exhibit 6

Strategic Community Planning Partnerships

The 11 strategic partnerships are:

- Local Economic Forum
- Lifelong Learning Partnership
- Community Learning and Development Partnership
- Capital City Partnership
- Community Safety Partnership
- Sustainable Development Partnership
- Cultural Partnership
- Community Care Partnership Steering Group
- Children and Young People's Strategic Partnership
- Compact Partnership
- Youth Services Advisory Committee

Source: Edinburgh Partnership

45. Our survey of community planning partners indicates that partners think that the council works well with them and that the Partnership is clear about what it wants to achieve. It also highlights areas for improvement, such as clarifying action plans, more effective leadership from elected members, and improving the way in which actions are agreed and progress monitored.

46. The effectiveness of strategic theme groups has been mixed. The Capital City Partnership and the Community Safety Partnership, which pre-date community planning, have been effective, but the Edinburgh Lifelong Learning Partnership has been less effective. Following a council review of this partnership in 2006, action has been taken to address weaknesses in governance and procurement practices. Consideration is currently being given to how the lifelong learning agenda can be taken forward.

47. Although the Edinburgh Partnership's 2005/06 progress report indicates that over 50 per cent of the key challenge milestones have been met, very few of these are outcome-focused. Given the complex organisational framework, the relatively recent publication of the new plan, and the lack of a comprehensive performance management framework, it is difficult to quantify what progress the Edinburgh Partnership is making against its objectives and what impact its work is having for members of the public. The Partnership plans to review its priorities and establish more outcome-focused measures in 2007. Work is under way to develop a performance management framework to assess whether services are improving and residents are benefiting.

48. Twelve Local Community Planning Partnerships will be established from May 2007. Each will cover one or two of the new multi-member wards with a remit to consider local issues such as traffic management, road maintenance and open space management, environmental improvement schemes and local grant allocation. These partnerships, along with the neighbourhood approaches being developed for other services, offer a real opportunity to devolve more planning and decision making to local areas.
49. There are a number of examples which demonstrate that the council works effectively with its strategic partners, in particular Scottish Enterprise Edinburgh and Lothians and NHS Lothian. The community safety partnership has built on joint governance arrangements between the council and Lothian and Borders Police to take a range of initiatives forward. Tangible improvements are limited to date but the early signs are encouraging.
50. A closer working relationship has been developing with Glasgow City Council, including the recent appointment of a jointly funded post to lead the Glasgow – Edinburgh collaboration project. This aims to help both cities compete more effectively with other cities within the UK and internationally, by driving forward initiatives supporting the economy, tourism and transport between the two cities. The two councils are also developing proposals for shared business processes and information systems and exploring opportunities for shared services.
51. The council works extensively with the private sector on particular services and projects and through consultation on key developments such as the Edinburgh International Conference Centre, the Exchange financial district, Edinburgh Park, the Festival Theatre and most recently the Waterfront development. The Business Assembly was launched in May 2005 to bring together the council, the business community and Scottish Enterprise Edinburgh and Lothian to consider issues of common interest with strategic implications for the city and in its future.

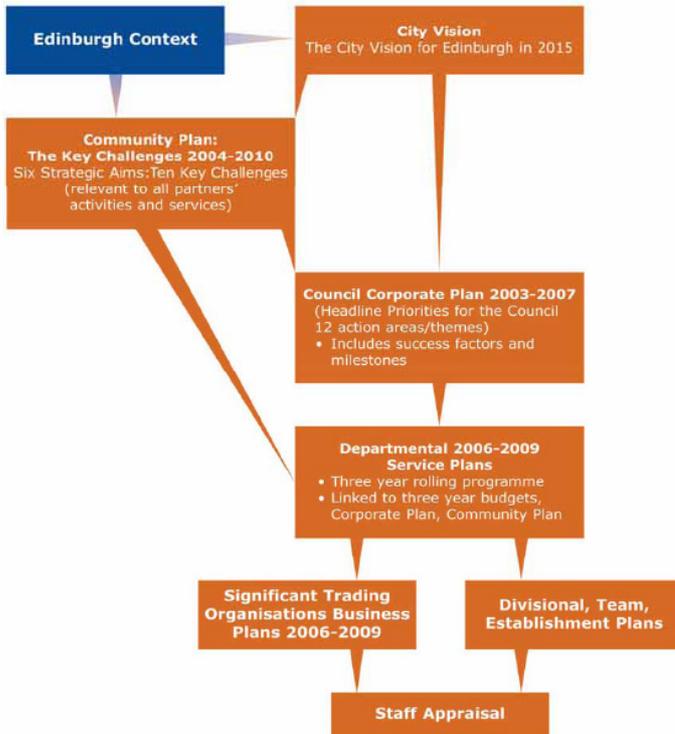
Business planning

The City of Edinburgh Council's corporate and service planning arrangements are well established and have good links to the city's context, vision and community plan.

52. The council's business planning process ([Exhibit 7](#)) is well developed and provides a sound framework from which to plan and deliver improvement.

Exhibit 7

The business planning process



Source: The City of Edinburgh Council

53. The council has a robust service planning framework. Service planning and budgeting are more integrated than in many councils, with plans and budgets agreed annually for a three-year rolling period. The key themes in service plans are aligned with key themes from the corporate plan, and are costed. The council operates a scheme of budget flexibility, allowing services to carry forward underspends to meet priorities. There is some flexibility in the budget setting process to allow the movement of resources to match priorities; for example additional funding was provided for street cleansing to support the 'cleaner city' objective.
54. The council recognises that there is scope to improve these arrangements and has started work on a new corporate plan for consideration by the council after the 2007 elections. The council intends to make the new plan more outcome-focused by linking it more closely to community planning priorities and to resources. It also recognises the need to ensure that the strategic projects and change programmes are more effectively prioritised and integrated.

Engaging with communities

The council places a high priority on engaging with its communities and it has a wide range of effective arrangements in place. It could improve these by ensuring that it coordinates consultation more effectively both within the council and with its partners.

55. Community engagement is a priority for the council and is reflected in the community, corporate and service plans. This commitment has been re-asserted by the new leader of the council who has introduced new approaches including a blog, a question and answer session on the BBC website, and a surgery on Radio Forth.
56. The council employs many mechanisms for engaging with communities at corporate, service and thematic levels ([Exhibit 8](#)).

Exhibit 8

The council employs many mechanisms for community engagement:

- referendum on congestion charging
- ballot on Housing stock transfer
- household survey – carried out twice yearly with over 1,000 residents in face to face interviews
- citizens' panel – with around 2,000 members
- local development committees – which include an open 'question time'
- consultation on the review of secondary schools catchment areas
- customer surveys – including 'exit surveys' on housing management
- suggestions boxes and comments books at service delivery points
- user groups – for libraries and the Craighall Centre User Group for adults with physical disabilities
- a tenant participation policy – which works with individuals tenants and tenant groups
- housing area boards
- equalities fora
- the business assembly and the *Capital Review* quarterly economic bulletin
- Edinburgh Youth council
- Edinburgh Compact with the Voluntary Sector.

Source: Audit Scotland

57. A review of the council's customer consultation arrangements in 2003 revealed a great deal of activity but also gaps in the availability of council wide information. In response, the council established a twice yearly 'Household Survey' carried out by Ipsos MORI which involves face to face interviews with over 1,000 residents. The survey covers a range of issues, such as satisfaction with council services in neighbourhoods, and also gathers views on specific subjects such as charging residents for Hogmanay Street Party tickets. The results of the surveys are reported to the executive of the council.

The survey has also provided comparative performance information for other participating UK authorities.

58. The 2006 results showed a marked contrast between satisfaction with Edinburgh as a place to live – where Edinburgh received a rating of over 90 per cent – and satisfaction with the way the council is running the area, where satisfaction was rated at 56 per cent.
59. The council operates a Citizens Panel with around 2,000 volunteer members who broadly reflect the city's demographic and geographical profile. In 2005, the panel was used 12 times to consult on a wide range of issues, including reviews of housing service standards, transportation services, sheltered housing, the Local Plan, the 'Keep Edinburgh Clean' campaign, the council's response to the Scottish Executive consultation on the ageing population and the Department of Work and Pensions consultation on the National Pensions Debate.
60. There is evidence of improvement in how the council is perceived by its residents. The Household Survey showed that the percentage of residents who think the council is too remote and impersonal had fallen from 47 per cent in autumn 2004 to 41 per cent in spring 2006. Those who thought that the council rarely takes residents' views into consideration when making decisions that affect them also fell from 48 per cent to 40 per cent.
61. There are also areas for improvement. The council has a consultation database but it is not used consistently. Results of consultation are not systematically reported back to participants and to the wider community and it can be difficult to find Citizens Panel survey results on the council's website.
62. In September 2006, the community planning partnership published a community engagement strategy *Listening to Communities to Improve Services 2006-2008*. This strategy commits the partners to the national standards for community engagement and sets out an action plan designed to put the strategy into practice. It is too early to see tangible results but the implementation of this strategy has the potential to help the council and its partners to coordinate the wide range of consultation activity more effectively.

Continuous improvement

The council is committed to continuous improvement and has developed an effective corporate framework. It has an effective mechanism for learning from its review activity across the council. These arrangements could be improved by better prioritisation of planned improvement activities to provide a clearer focus for its investment in the future.

63. The council's change programme is wide-ranging and extensive. Its Strategic Work Programme includes large scale organisational restructuring, significant capital and service improvement plans, and key strategic policy implementation projects. Continuous improvement is championed by members and senior officers and there is a strong commitment to improvement.

64. Between 1998 and 2002 the council carried out an extensive programme of Best Value Service reviews. This programme was departmentally focused and as a result, the benefits were largely confined to specific service areas. The council has refocused its activities by rationalising its approach and introducing more cross-cutting reviews, and since 2002 the council's improvement agenda has been supported by a range of corporate improvement programmes. These programmes provide a more coherent framework within which the council aims to deliver its planned improvements. Some of these programmes are summarised in [Exhibit 9](#).

Exhibit 9

Programmes of improvement and change

The Strategic Work Programme – In October 2006 the programme was made up of a combination of 32 capital, service improvement and policy development projects and included; the local transport strategy, the CR2007, the Edinburgh Tram project, the regeneration of Craigmillar, the Waterfront and Granton, the implementation of the waste strategy, school estate improvements through PPP2 and the new council HQ.

The Council Review 2007 (CR2007) is a wide-ranging review of service delivery arrangements that started in 2003. The review is led by the chief executive and aims to improve customer focus and efficiency within the council. The review has led to a major restructuring of council departments and the creation of new strategic departments. The children and families and health and social care departments were established in 2005 and services for communities department began operating in 2006. The review is ongoing and is currently considering the configuration and types of service delivery vehicle best suited to deliver culture leisure and sport, property management and economic development services.

The SMART City programme forms one of the council's major improvement programmes and has delivered a range of facilities including; public access internet points, council papers online, a planning and building standards portal, a contact centre, a choice based letting system (where 50 per cent of applications are received electronically) and a licensing system. The programme currently contains projects which include; the extension to the range of services offered through the contact centre, claiming benefits online, eCare, e-HR and Enterprise Finance systems as well as developments on the Citizens' Account and an entitlement/smart card.

Source: Audit Scotland

65. These change programmes are the subject of regular monitoring reports to the CMT and to members. The council has invested in project management training; 28 of the 30 Strategic Work Programme projects are progressing according to plan and one has recently been completed. The e-government team has had a central role in transferring learning between projects by maintaining a register of departmental contacts working on important projects and by seconding members of the team to departments.
66. Efficiency targets of £12.558 million, £24.734 million and £36.711 million respectively have been incorporated into revenue budgets for 2006-2009. The scale of these planned efficiencies means that there is a significant financial risk to the council if they are not delivered. In June 2006, the chief executive provided an update on the council's efficiency programme to the council, including details of Efficient Government Fund (EGF) bids and the series of modernisation programmes which were being

taken forward. The update recognised that a more radical approach is required to achieve the level of planned cash-releasing efficiency savings to balance future council budgets. As a result, the council agreed that:

- an overarching project management structure will be introduced to draw together all the council's efficiency activities
- proposals will be developed for undertaking a comprehensive review across all areas of service to identify the full potential for simplifying and standardising business processes. This could then be shared with other councils as a model for best practice across Scotland, with Edinburgh and Glasgow councils acting as 'pathfinders', and receiving funding to support the initial diagnostic phase from the EGF.

67. The council has invested in a change management programme to reinforce its vision of a common corporate improvement culture. It has improved staff communication through newsletters, meetings and workshops, senior management peer review panels for best value reviews and it has also invested in training staff in project management skills.

68. The council uses a range of benchmarking activity to support improvement. In 2005, the council piloted the Citistat performance management model, developed by the City of Baltimore in the USA. The pilot was led by the chief executive and initially targeted areas of weaker service performance such as road maintenance and refuse collection services. The council is currently considering how the approach might be rolled out to other service areas. Other examples of benchmarking can be found in the reviews of culture, leisure and sport, roads best value review, ICT, financial and building services.

69. Overall, this is a significant level of improvement activity and investment and the various change programmes and individual improvement projects are generally well managed. In November 2006, the council agreed to a revised programme management structure and the CMT have been developing new arrangements to improve prioritisation, management and monitoring.

Accountability and openness

The council demonstrates a culture of accountability and openness, although there is scope to improve the balance of its public performance reporting.

70. The executive provides a clear focal point for accountability, with members having both individual responsibility for particular policy and service areas and a collective responsibility for the council's strategic objectives. There are some potential areas of overlap between executive portfolios but this does not appear to cause problems in practice.

71. The council has a clear and comprehensive scheme of delegation, last updated in 2006, and it has appropriate arrangements to help prevent inappropriate conduct and corruption. These include codes

of conduct for elected members and officers, a whistle blowing policy and registers of members' interests.

72. The quality of information provided to members has been improving steadily and reports to elected members are focused and make clear recommendations.
73. Effective accountability depends on having arrangements in place to allow members of the public to scrutinise policy decisions and performance. The former council leader introduced the *Leader's Report*, a monthly publication issued to over 14,000 stakeholders including council members, staff and partner agencies, and other interested organisations and individuals. The publication covers issues relating to the city as a whole as well as the council itself. The publication links the leader clearly and publicly with the performance of the council. Local development committees also provide members of the public with the opportunity to question members on policy and local matters.
74. Performance information is reported to members on a two-monthly cycle and this, along with all non-exempt executive, scrutiny panel and committee reports, is readily accessible on the council's website.
75. Resident survey findings show that the public are interested in a broad range of issues including what the council spends, forthcoming events, planned improvements, contact information and how their views have been taken into account. The council produces an annual public performance report which is attractively presented and closely linked to corporate priorities.
76. The report lists achievements and includes some SPI information. The report could be further developed to include more systematic explanations where the council does not achieve its performance targets, together with the improvement actions planned, both at service level and at corporate and community planning levels. The report should also make more systematic use of comparative information to help the reader reach a more informed judgement about the council's performance.

Part 2: Is the council organised to deliver continuous improvement?

The council's arrangements to support service delivery and continuous improvement are generally well developed and effective, particularly in relation to the management of performance, staff and ICT. These arrangements provide a sound basis from which it can deliver and improve its services in the future.

Improvements are needed in the arrangements for scrutiny, long-term financial and workforce planning, and managing sickness absence. The council knows where it needs to improve and has work under way in these areas.

Managing people

The council has a Human Resources strategy which it has updated to take account of issues such as single status and equal pay. It has invested in developing a more corporate HR function, achieving IIP accreditation and developing an appraisal and development system. However, the council has been slow to tackle equal pay, and it needs to develop more strategic workforce planning and reduce sickness absence.

77. The council has over 21,000 employees and a pay budget of over £460 million in 2006/07. It employs 37 full time equivalent staff per 1,000 head of population, below the Scottish average of 45 per 1,000 and less than other city councils.
78. The council agreed its HR strategy in April 2002, grouping objectives around six key themes: planning for the future, having a customer responsive workforce, developing a learning culture, improving communications, a supported workforce, and rewards and recognition. The council identified that its initial aims and timescales were too ambitious and it has refocused the strategy in recent years, in the light of the 2003 staff survey and in response to emerging issues like single status, equal pay and the major restructuring of the council's services.
79. The council has recently completed the reorganisation of departmental personnel teams into a corporate HR function to provide a more strategic and less administrative focus, and to provide services through a shared service centre. In June 2006, the council agreed to fund an HR management information system which should assist in providing appropriate information to inform future workforce planning and management strategies.
80. The council has made progress in a number of areas: it achieved IIP accreditation in March 2005 (though this does not yet cover schools); introduced a competency framework that has been incorporated into recruitment, training and development, and performance review processes; adopted

a council-wide performance review and development scheme; and established a centralised recruitment centre.

81. Progress on the equal pay agenda has been slow and the new pay arrangements were not in place by the council's original deadline of 1 October. At the time of the audit the council's negotiations were ongoing. In common with many Scottish councils Edinburgh has sought to limit its exposure to the financial risk associated with equal pay claims by offering payments to specific groups of employees as part of a compensation package. By November 2006, 89 per cent of the affected workforce had accepted the council's settlement offer. This helps to reduce financial risk to some extent, but there are continuing risks while existing pay and reward structures remain in place.
82. The future implementation of the single status agreement provides a further opportunity to address any underlying inequalities in pay and other conditions of service. The council is using the Capital Job Evaluation scheme to make progress on single status during 2007.
83. The council needs to develop a model for workforce planning that will highlight future shortages, surpluses and competency gaps. Members and senior officers are aware of the importance of succession planning for the organisation, reflecting an ageing officer profile at a number of management levels. This issue is high on the chief executive's agenda and he is developing plans to minimise the impact over the next few years.
84. Effective communication is particularly important at a time when the organisation is going through a significant and sustained period of change. The council carries out a council-wide staff survey every three years. In 2003, the survey indicated improved staff satisfaction in many areas compared with 2000, although there had been little change in the overall level of job satisfaction. Analysis of the 2006 survey is currently underway.
85. Sickness absence performance is mixed but continues to be an area of concern in some staff groups. The absence rate for teachers was the fourth lowest in Scotland in 2005/06, at 3.1 per cent of days lost. The level of absence for chief officers and local government employees remained static between 2004/05 and 2005/06 at 5.7 per cent, which is above the Scottish average of 5.4 per cent. The absence rates for craft and manual workers, though falling since 2004/05, remain high at 7 per cent compared to the national average of 5.9 per cent.
86. Strategies are being developed and rolled out across the organisation to try to improve sickness absence levels. Managers have been trained to intervene at specified trigger points for short, medium and longer term absence. A more robust policy for managing sickness absence is currently being developed and the council expects its new HR system to provide better information. The council aims to reduce overall absence to 4.7 per cent in 2006/07 and 4.2 per cent by 2007/08.

Managing finance

The council's approach to financial management is sound, although it has recognised the need to further improve the monitoring of its actions to address emerging cost pressures. There is a need for further development of longer term financial planning, to ensure resources are matched to strategic objectives.

87. The council has managed its overall financial position well in the past, maintaining reserves in line with planned levels. It has received unqualified opinions on its accounts and external audit reports on the financial stewardship and governance of the council have been positive.
88. In 2005/06, the council incurred an annual net general fund deficit of £22.988 million due to the costs of settling compensation claims for breaches of the equal pay act. This has meant that the council's general fund reserves have fallen significantly, from around £32 million at March 2005 (£18 million of which was earmarked for specific purposes), to £9 million at March 2006. The council has responded with a strategy to replenish its reserves through the sale of assets.
89. After allowing for equal pay the overall financial position was broadly in line with budget, but there were also a number of departmental deficits. The children and families' revenue budget was overspent by £5.6 million (1.9 per cent of the budget). A number of factors contributed towards this and several of these were identified during the financial year, but the actions taken were not fully effective in retrieving the position. In recognition of this, the council is putting in place measures to improve its revenue monitoring and review the impact of management actions. Specific plans have been drawn up for the recovery of the overspends under the council's budget flexibility scheme.
90. The council recognises the need to improve its longer term financial planning. It plans to establish an inter-departmental group to review demographic and other factors which will have a significant impact on future expenditure and grant distribution. The council aims to develop a financial model for ten-year forward planning, including assumption and sensitivity analyses, and incorporating a range of factors including inflation, service trends and projections, capital investment needs, grant funding and council tax levels.
91. The council has generated over £410 million in capital receipts in the last ten years, which has been spent on capital projects to support council priorities, but it is unlikely to be able to sustain this level of receipts in the longer term.
92. The council also needs to develop its longer term financial planning to align capital investment decisions and the revenue implications of these decisions. The capital investment programme is moving from a three-year to a five-year time frame, with an aspiration of a ten-year capital programme in the future. The development of performance information on the current asset base, including maintenance costs, will provide better information about the revenue costs of future assets constructed or enhanced through the capital investment programme.

Managing assets

The council adopted a corporate asset management plan in 2003. It has reviewed key assets within its portfolio and also continues to improve the information it holds in respect of its asset base. This should help to better inform strategic decisions.

93. The council hold assets worth approximately £1.7 billion, mostly land and property. A number of key property holdings have been reviewed, resulting in a range of development projects. These include:
- A review of the schools estate leading to a Public Private Partnership (PPP) construction or refurbishment of 17 schools, and the creation of a new young offenders unit and a community learning centre, with a further eight schools to be constructed as part of a second public private partnership. A review and consultation exercise on the primary school estate is currently ongoing.
 - A major office rationalisation programme reducing the existing portfolio of 20 properties to six, including the construction of a new council HQ accommodating 1,800 staff.
 - Planned construction of four new care homes for the elderly, following joint capacity planning with NHS Lothian.
 - Development of a business case with NHS Lothian for an integrated health and social care facility.
 - A £79 million investment in sports facilities, which will result in the creation of three centres of excellence in the city.
94. The council's first asset management plan, developed in 2003, focused on operational properties, and 35 per cent of these assets had been subject to a detailed condition survey by the end of 2005.
95. In 2005, the external auditor reviewed the asset management arrangements and found that the objectives outlined in the asset management plan clearly linked to the corporate plan and reflected the council's overall vision, but that further work was required to ensure that service plans include property issues on a consistent basis. The council has responded and actions are identified within the Corporate Asset Management Plan for 2006/09.
96. As part of the updated asset management plan, approved in January 2006, a proportion of all capital receipts are now allocated corporately to the capital investment programme. In addition, responsibility for asset management is being centralised within city development, further enhancing a more strategic corporate asset management approach.
97. The 2006 plan extends the asset base covered by the plan to include land, non-operational property, housing stock and infrastructure assets. There are currently no proposals to include plant and equipment assets in the plan and these are managed at departmental level. The plan also requires services to record information to support SPIs as well as a set of seven strategic indicators developed

by the council. These indicators, along with condition surveys, will provide a benchmark for more informed decisions on asset investment and utilisation in the future.

98. The corporate asset management group, comprising the head of corporate property and representatives from other departments, along with other public sector organisations, is charged with coordinating and monitoring implementation of the plan. It plans to report back on a regular basis to the CMT and the council. The governance arrangements for management of assets have also been updated following the introduction of the updated asset management plan.

Scrutiny

The council's arrangements for the scrutiny of decisions and performance are still developing. The council conducted a review during 2005 and is now in the process of implementing improvements.

99. The council has seven cross party scrutiny panels but their effectiveness is variable. The Resource Management and Audit Scrutiny Panel, chaired by a member of the opposition, is particularly effective and held in high regard by members across all of the political parties and by officers. Other panels, such as the Community Services Panel, are less effective; attendance by both members and officers is unpredictable so that some items cannot be scrutinised and discussed effectively.
100. The scrutiny panels provide a forum through which members can review executive decisions before they are implemented and monitor service performance, and provide members with the opportunity to hold both the executive and officers to account. The council reviewed the effectiveness of scrutiny panels in 2005 and found that the panels varied in terms of their workload and focus.
101. Analysis of the panels held during 2004/05 found that the number of panel meetings varied between six and 13, and that the average duration of the panel meetings varied between 1.5 and three hours. The number of decisions reviewed also varied; for instance the Environmental Quality Scrutiny Panel considered 29 decisions while the Children and Young People Panel considered five. The main area for improvement is the scrutiny of service performance; while the Resource Management and Audit Scrutiny Panel considered 37 performance monitoring items during 2004/05, two panels did not take any.
102. The review highlighted that improvements were needed, particularly in the amount and quality of performance information that was made available to members on a systematic basis. Improvements have now been implemented and members receive a more systematic flow of performance information. The review identified further improvement areas and the council has been making progress on these. For example panels consider service plans, financial monitoring reports and performance reports which identify where performance targets are not being met.

Managing performance

The council has a clear, consistent and accessible performance management framework, and has introduced more regular, systematic performance reporting over the last year. The council can further improve its arrangements by developing more outcome-focused measures and improving the quality of its strategy and project monitoring information.

103. In August 2005, the chief executive introduced new corporate performance management arrangements based around monthly reports to Service Management Teams, two-monthly reports to CMT and the executive, and an annual report to council. This approach has been introduced within all services. The performance reports are based on a balanced scorecard, are clearly presented using a traffic light system, and explain under-performance and the actions planned to address it. The reports also indicate trends in performance over time.
104. Elected members state that they welcome improvements in the frequency of reporting, the standard of information presented and the clarity of reports. Members challenge both performance against indicators and the quality of the indicators themselves, in terms of whether they measure the right things.
105. The council is continuing to develop the framework and is currently rolling out a corporate IT system to support easier access to performance information by service, by corporate plan priority or by individual strategy.
106. The council has made good progress in a short period of time and the framework provides an effective way to manage performance. The main gap in the current system is the absence of comparative information with other authorities; while the system tracks progress over time it does not compare Edinburgh's performance with other authorities. Members receive annual SPI reports that provide comparisons with peer group authorities, but they have identified the lack of comparisons with other councils as inhibiting their ability to form judgements about how well services are performing and the potential for improvement.
107. In November 2006, the Resource Management and Audit Scrutiny Panel considered a report that compared the council's SPI performance with the best and worst performance across Scotland for the first time. The report clearly indicates where the council is performing well and less well, together with the direction of travel. It could also be used to identify benchmarking opportunities against better performing councils.
108. The balanced scorecard approach adopted by the council needs some development to include more measures that reflect customer satisfaction, impact measures and measures relating to strategic and service priorities. Some service scorecards have yet to achieve a balance between the four dimensions. For example, in its quarterly service plan monitoring city development records performance against 55 indicators measuring processes, 6 measuring financial management, 14

measuring customer focus and 13 covering staff development. Customer care and satisfaction with services do not feature strongly within services' scorecards despite being a clear council priority.

109. In addition to the service performance scorecards, performance is reported on a strategy, project and initiative basis. There is wide variation in the standard of this type of reporting but it is generally weaker than the scorecard performance reports. Many strategies lack outcome measures and targets, and monitoring can be ad hoc and anecdotal rather than systematic and clearly related to measures contained within the original strategies. For example:

- The Local Transport Strategy 2004-2007 identified performance measures and targets but the revised strategy does not systematically report on achievement against these.
- Significant Trading Operation (STO) performance reports focus on volume of activity and costs and lack measures of service quality and narrative to explain under performance and associated improvement plans.
- Parks and sports monitoring reports are not transparent, citing performance as 'excellent' or 'good' with no figures or detail.

110. The council can build on the foundations it has established by extending service scorecards to include measures of progress against key strategic priorities, developing outcome measures to support productivity information, ensuring more balance within the scorecards and developing measures of customer satisfaction.

Managing risk

The council has approved a council-wide risk management strategy, developed corporate and departmental risk registers, and invested in developing its risk management framework. More needs to be done to ensure the strategy is adopted consistently across the council so that risk management is fully embedded within the culture of the organisation.

111. The council approved a revised risk management strategy in October 2005, following an external audit review of risk management arrangements. The strategy sets out council objectives for risk management, and identifies the key steps of the risk cycle covering identification, assessment, response and control, and monitoring. It includes detailed guidance for services, and defines the roles and responsibilities of members and officers. A series of workshops was run for departmental management teams to raise awareness of formal risk management processes and the need to validate risks and link them to service planning.

112. The council has developed a corporate risk register supported by departmental risk registers. These have been reviewed by internal audit which identified good progress and concluded that departments were generally risk aware.

113. The implementation of the strategy has raised awareness of risk management throughout the council but robust risk management processes are not yet fully embedded across all of its operations. It has prepared action plans to address the issues highlighted by internal audit, who will continue to monitor progress in this area.

Managing information and communication technology

The council has identified ICT as a strategic asset and a key driver for achieving continuous improvement. It has a clear strategy and ambitious plans to use ICT to support continuous improvement and deliver efficiency savings.

114. The council has a clear strategy that places ICT as a key driver for continuous improvement, delivering efficiency savings and improving customer service.

115. In 2001, the council entered into a multi-million pound strategic partnership with BT to manage existing ICT services, which included the transfer of 180 staff and the majority of ICT assets to BT together with responsibility for implementing strategic ICT projects and modernising council systems and services. The early years of the partnership were not easy and the council received compensation for delays to projects. Since then both partners have developed a clearer understanding of the other's expectations and a more productive working relationship has ensued.

116. In 2005/06, an independent benchmarking review by external consultants helped the council to conclude that the benefits of continuing the partnership arrangement were significant and the council agreed to extend the contract until 2016. The agreement includes an option to terminate the contract in 2008 if the anticipated benefits are not being realised.

117. The potential benefits are considerable. The projects started since 2001 cover a wide range of areas including: the replacement of mainframe platforms; new communications networks; and modernisation projects covering finance, planning, document management, cashless catering and customer relationship management systems. These projects have involved business process re-engineering in addition to ICT solutions and are anticipated to result in £25 million of cash and time releasing savings in addition to improvements in front line service performance. More recent budget discussions involved BT proposals to release a further £22.3 million of efficiency savings through the extension of the contract.

118. The council's website has improved considerably over the last year and the July 2006 user survey showed that staff satisfaction with computer systems has consistently rated the service between satisfactory and very good since August 2005.

Managing procurement

The council is making good progress in developing its procurement arrangements, and is establishing mechanisms to record and deliver planned efficiencies. It needs to ensure quality standards are maintained in the procurement of goods and services. It is not clear that the projects being delivered by some of the council's arms-length companies are managed as part of an overall programme aimed at achieving key strategic goals and this needs to be reviewed.

119. The council spends over £700 million annually on procurement, including goods and services and capital projects, and it has identified procurement as a major area for strategic review and development. The council used external consultants to develop a procurement strategy in 2005, and is driving forward the strategy with departments through a corporate procurement programme team.
120. The key strands of the strategy are to: create a single corporate procurement function; rationalise contract and category information; use new technologies to maximise transactional process savings and achieve better discounts; develop a single benefits model for procurement savings; develop strategic alliances with suppliers; and redesign services to address skills gaps in procurement.
121. The council have appointed a 'procure-to-pay' manager to assist with the change in procurement working practices. The manager and a central team provide services to the council and to the purchasing partnership which include the management of framework contracts, requisition sourcing, providing consultancy services, and disseminating good practice.
122. Following the introduction of a new finance system in April 2005, procurement management information has greatly improved. The council is beginning to use this information to improve supplier management, including rationalising the 17,000 suppliers on file to increase purchasing economies of scale, and generating efficiencies in back office processes. The information provided through the system will also allow baseline information to be established across core services and contracts. The council estimates improved procurement practices will generate £19.5 million of savings over an eight-year period.
123. The council is making more use of new technologies in the procurement of goods and services. An electronic auction for the provision of temporary agency staff within residential care homes resulted in an initial estimated saving of £0.5 million. In addition, the use of e-invoicing allows for the number of associated invoices to be reduced from over 30,000 to less than 100 per annum, with associated back office savings.
124. A further 32 e-auctions and e-tendering events are planned over the next 12 months, with a contract value of over £90 million, and the council anticipates significant savings as a result
125. The council is part of a purchasing partnership with over 400 voluntary and public sector organisations including local partners such as Midlothian Council, Lothian and Borders Fire and Rescue Service,

and Lothian and Borders Police. The council has also developed relationships with South Lanarkshire and East Dunbartonshire Councils to consider technical solutions and procurement savings.

126. The council has an interest in over 100 arms length companies which help to deliver its objectives. These cover a wide range of areas including affordable housing, leisure services, the creation of commercial office accommodation and the provision of transport infrastructure. In response to external audit recommendations, the council has recently strengthened its governance arrangements for companies where it has a significant shareholding by creating a companies strategy group to monitor performance and ensure best practice in governance. In addition, the code of governance covering the relationship between the council and companies has been updated.
127. The council companies unit within city development has an active involvement in monitoring and liaising with ten of the 20 main companies which are associated with the service; these include Transport Initiative Edinburgh (tie), the Edinburgh International Conference Centre and Waterfront Edinburgh Limited. It is not clear that the projects being delivered by these 20 companies are managed as part of an overall programme aimed at achieving key strategic goals and this was identified as an area of risk in a recent external evaluation commissioned by the service.

Managing competitiveness

The council monitors competitiveness through performance indicators and benchmarking with other providers. Five STOs incurred deficits in the three years to 31 March 2006, with three of these due to exceptional costs associated with equal pay. The council needs to improve the competitiveness of its refuse collection and Blindcraft activities.

128. Best Value requires local authorities to demonstrate competitiveness. Following the introduction of the Local Government in Scotland Act 2003 the council reviewed a total of 54 trading activities against a range of criteria and agreed to establish nine STOs, including eight former DLO/DSO activities. The council uses performance management and benchmarking information to satisfy itself that its STOs are competitive.
129. In 2005/06, three STOs – cleaning, other catering, and schools and welfare catering – failed to achieve their statutory breakeven position due to exceptional costs associated with equal pay. Two other STOs – Blindcraft and refuse collection – failed to meet the requirement to break even over a three year rolling period.
130. The scale of the deficits incurred by some trading operations in 2005/06 means that there is a significant risk that they will be unable to meet break even targets over the next two years. The STOs have not been the subject of best value reviews in recent years, although reviews have recently been completed in Blindcraft and the housing repairs section of building services. Following continuing trading deficits, the Blindcraft operation has been re-organised and a business strategy put in place to turn around the deficit.

131. In 1999, the council was successful in voluntary competitive tendering exercises for contracts and service areas covering: fleet maintenance; two out of the three contracts tendered in grounds maintenance; all housing term contracts in building services; and the greenways contracts in city network services. There has been limited market testing since, for example part of the building cleaning service was the subject of voluntary competitive tendering in 2000, although some externalised contracts have been brought back in-house on value for money grounds.
132. The council can demonstrate aspects of best value through other quality arrangements. In 2004, roads services contract rates were reviewed by an external consultant who concluded they offered value for money, and that mechanisms were in place to ensure they remain competitive. In city network services, an internal audit team has started to review in-house project costs against external contractor rates used to delivery on £10 million capital projects this year.
133. Grounds maintenance, catering, cleaning, fleet maintenance and building services are routinely benchmarked against Association for Public Service Excellence (APSE) data to demonstrate competitiveness. Services also participate in quality assurance schemes including ISO accreditation across a range of services and more recently an APSE quality award in building services for excellence in public-private partnerships. While this helps demonstrate service quality and competitiveness, the council needs to ensure there is a systematic and challenging approach to options appraisal across all activities.
134. A number of planned initiatives could have a significant impact on the council's existing STOs. The council is currently implementing an integrated waste management strategy with neighbouring councils. In August 2005, the council decided that the refuse service should be subject to competitive tender, but in June 2006 it agreed to delay market testing to allow the new services for communities department to improve the service's performance prior to the tender exercise. If this contract were to be externalised it would affect the fleet maintenance service, although this may be mitigated by the merger of the existing corporate transport unit with city fleet maintenance services into a combined STO. Similarly, the outcome of the schools PPP2 project is likely to affect both catering and cleaning services. In the context of these changes, the council has completed a strategic review of its STOs and the former nine STOs will be regrouped into four.

Equal opportunities

The council places a high priority on equal opportunities. It has put in place a comprehensive framework to help mainstream equalities and is making good progress. The principal strategy to deliver the equalities agenda is relatively new and the first monitoring reports will be presented in 2007.

135. The council places a high priority on equal opportunities. It has 11.5 full time equivalent dedicated equalities officers and elected members are committed to equal opportunities priorities. A designated

member of the council executive champions equalities. The council has a good awareness of its legal duties, has policies in place to meet them, and has invested heavily in awareness training.

136. The council had a Race Equality Scheme in place between 2002 and 2005 which was reported annually to the executive. In 2005/06, the council had wholly or partially achieved 87 per cent of its targets. The council also has arrangements in place to ensure grant aid and commissioning have equalities clauses present as a condition of funding and are included within service level agreements.
137. In response to impending legislation and the outcomes of its equalities review the council developed a Multi-Equalities Scheme (MES) containing six strands: race, disability, women, older people, faith/belief, and lesbian, gay, bisexual and transgender. An interim review of the Multi Equalities Scheme, involving officers and community planning partners and including the six Equalities Forums, was carried out in autumn 2006. A report on the review was presented to the Executive in November 2006 recommending revision of the MES to reflect the new disability and gender equality duties.
138. The MES is underpinned by a coherent framework for delivering planned improvements and includes a commitment to report to the council's executive each year on the progress being made towards equalities targets and on the results of equalities impact assessments. The council has set up bimonthly meetings of the mainstreaming action team to share good practice, together with quarterly meetings of departmental equalities officer group to monitor performance, develop action plans and raise awareness within service areas.
139. In 2006, the council identified concerns over the commitment of some senior officers to mainstreaming equalities; in response departmental management teams consider equalities progress reports every six months.
140. The council has a good approach to community consultation and involvement on equalities. The council supports six equalities forums in partnership with Lothian and Borders Police and NHS Lothian, and these were used to inform the development of the multi equalities scheme. The council plans to provide a training and capacity building programme for members of the forums, and West, Mid and East Lothian Councils have joined the partnership.
141. The council has a good awareness of the ethnic composition of its resident population from census data, school population statistics and Home Office data, and through its interpretation and translation service. The use of council services by ethnic minorities is monitored in a number of areas including housing applications, pupil attainment and advice shop enquiries. The council does not, however, monitor the use of all of its services by minority groups. The council is planning to invite members of the equalities forum to take part in an annual satisfaction survey.

142. The council has also been responding to changes in the demand for services. For example, in response to the recent increase in migrants from Eastern Europe the council moved resources to provide additional support for the 'English as an Additional Language' service to schools. Since June 2004 the service has been providing support to over 150 Polish primary and secondary students, and the Private Sector Housing and Housing Options teams have been dealing with around 30 enquiries a month from people from the new accession states. The Adult Learning Programme also provides a 'Welcome Programme' that covers language, benefits awareness and cultural information.
143. The council recognises that it will need to respond to the challenges of inward migration over the coming decade and beyond. It is considering the implications of a potential influx of migrants following the accession of Romania and Bulgaria to the European Union. [Exhibit 10](#) describes some of the services the council provides for black and minority ethnic groups.

Exhibit 10

Services for people from ethnic minorities

Edinburgh's Diversity

At the time of the 2001 Census, Edinburgh had a black and minority ethnic (BME) population of 18,000 representing 4.1 per cent of the population. Edinburgh has 18 per cent of all Scotland's registered BME communities and since 2001 the city has seen an increasing number of inward migrants. Poland, Australia, Spain, Republic of Ireland, India and China were the top contributing nations to Edinburgh and Lothian in 2004/05. In 2004/05, the number of new National Insurance registrants equated to 14 per thousand population which compares with 4.7 per thousand for Scotland.

Strategies and policies for providing services to the BME community

The council has a range of policies and strategies in place including; the MES, a Hate Crime Strategy, a BME Funding Strategy and 'Today and Tomorrow' – an action plan for black and minority ethnic elders and their carers which is part of the 'A City for All Ages' strategy.

Services and facilities provided by or supported by the council

The council provides many services for the BME community either on its own or in partnership:

- The Interpretation and Translation Service (ITS) provides interpretation and translation facilities in approximately 40 community languages. It has recently piloted the use of video conferencing to provide translation service in the Polwarth Surgery.
- The Ethnic Library Service provides newspapers, books, videos, DVDs, dual language books for children, appropriate software on PCs in the library, and facilitates minority language book groups.
- The Asylum Seeker Response Unit which provides advice on housing options, financial support to some people, an assessment of care needs and emotional and social support.
- The Edinburgh Mela, Edinburgh Hindu Mandir and Cultural Centre, Scottish Indian Arts Forum, The Edinburgh Chinese Community School, and other arts and cultural organisations and events.
- The council supports, or has links with a number of interest groups supporting various sectors of the BME community including Skillnet Edinburgh, which promotes the social and economic equality of minority ethnic communities through education, training and sustainable employment and Milan, a day care, advice and befriending for older Asian people from India, Pakistan, Bangladesh and Mauritius living in the Lothians.

Source: Audit Scotland

144. The council is making good progress in meeting its duties under the Disability Discrimination Act.

Audits of council property carried out by external consultants identified that £31 million of expenditure would be needed to meet the required standards of accessibility. In 2004/05, the council reported that 71.7 per cent of public service buildings were suitable and accessible for disabled people; the 2005/06 indicator was considered unreliable. The 2005/06 national average is 43.4 per cent.

145. The council collects a range of data on the make-up of its workforce including race, disability, gender and age. In 2005/06, it ranked fifth among Scottish councils for the percentage of the highest paid two

per cent of earners among council employees that are women, and ninth for the percentage of highest paid five per cent of earners.

Sustainable development

The council has sound policies and structures in place to promote sustainable development, and there is a great deal of innovative work. There is scope to further mainstream and embed sustainable development principles council-wide, particularly through better monitoring.

146. Sustainable development is a high priority for the council and elected member commitment is strong. The member of the executive with responsibility for sustainable development has roles on the UK and Scottish Commissions for Sustainable Development and the new council leader has been active in the debate about refuelling in the Firth of Forth. However, the council knows that senior officer commitment is less consistent; while some senior officers recognise the opportunities presented by sustainable development principles, others do not see sustainability as core business.
147. The council's commitment to sustainable development is evident in a range of strategic plans including the community and corporate plans and in the 'City Vision.' The council's sustainable development strategy *Towards a sustainable council* was published in 2001 and sets out its vision, challenges, commitment, strategic framework and an action plan. It clearly identifies sustainability principles for all three strands of sustainable development (environmental, social and economic) and a review of the strategy is due to be reported early in 2007.
148. The Edinburgh Partnership has a strategic Sustainable Development Partnership which has been effective in raising awareness but there has been less focus on practical activity, although the partnership has recently started work on a range of issues including travel planning and climate change.
149. The council has strategies for a number of related issues including air quality, biodiversity and water management, and performance is monitored and reported within the departments responsible for implementation. In October 2006, the council approved the 'Edinburgh Standards for Sustainable Buildings' which encourage the use of sustainable resources and materials and the use of renewable energy.
150. The council has invested in sustainable development in a number of ways. In 1999, it set up a dedicated Sustainable Development Unit (SDU) which includes staff responsible for water and energy management. The unit carries out awareness-raising, advisory and development work, much of which is innovative. The SDU plays an effective role in raising awareness by creating links with officers in service departments, advising and supporting on projects and developing briefings for departmental management teams.

151. The council's investment has resulted in significant achievements:

- The contract for electricity for the council's 105 owned sites is now 100 per cent from green or renewable sources. This was procured at no additional cost and exempts the council from the Climate Change Levy – a saving of £50,000 between August 2004 and July 2005.
- A water management project resulting in a saving of 3.37 million litres of water and £4 million after one year (including £3 million one-off savings and £1 million annual savings).
- A range of transport initiatives including; a new bus station, Crossrail, dedicated bus lanes, 'Bustracker' real time information, park and ride sites, and the Fastlink guided busway, which have contributed to an increase of 27 per cent in Lothian Bus passenger numbers between 1998 and 2005.
- The City Car Club – with over 10,000 members having 'pay as you drive' access to cars around the city reducing individual car ownership.
- The installation of renewable energy technologies at Currie Community High School including a solar heating pump to contribute to heating the swimming pool and a ground source heat pump to heat the music department.

152. Sustainable development was a central theme in the development of the new council headquarters [\(Exhibit 11\)](#).

Exhibit 11

Sustainable development in the new council headquarters

In December 2006, the City of Edinburgh Council moved into a £45 million flagship HQ located in the heart of the city. The project has provided a unique opportunity for sustainable development objectives to be integrated into the building at all stages of its development.

The council worked closely with the developer, Morley, and in liaison with the initial design team, to develop 74 sustainability Key Performance Indicators (KPIs) which have subsequently been included in the contractual Agreement for Lease. This created the legal basis for the contractor, Miller Construction Limited, to deliver the council's specified sustainable development objectives.

The KPI's cover a range of issues including; climate change, energy, waste, water, biodiversity, materials selection, transport and pollution. A sustainability working group was set up which met monthly to assess progress on the KPIs. One of the first key KPIs to be implemented was a Waste Minimisation Plan which has achieved a recycling rate of over 90 per cent with considerable financial savings to the contractor and has featured as national case studies in construction waste management.

The building also has a green roof, solar panels and a range of water and energy conservation measures, including a unique rainwater storage system which will allow the council's street cleansing vehicles to fill up their tanks. All timber used on the project comes from certified sustainable sources. Even the furniture for the new building has been assessed against sustainable development criteria – the first of its kind in Scotland.

The work of the council on the new HQ has led to the development of subsequent sustainable design and construction policies and projects, with the council building up a recognized area of expertise in this area.

Source: Audit Scotland

153. Despite these efforts sustainable development is not yet mainstreamed in all areas of council business and is not regarded by all managers as a priority. The council needs to improve its performance measurement and reporting; at the corporate level there is little coordinated reporting in place, though the council plans to address this in a new action plan to be developed following the review of the existing strategy which is due to be completed in December 2006.

Part 3: Is the council delivering better public services?

The services provided by the City of Edinburgh Council are generally improving albeit from a low starting point in some areas. The council has changed the way that services are configured to provide a clearer focus on its priorities and on key customer groups.

The council achieved an above average rate of improvement in SPIs in 2005/06 compared with other Scottish councils. The council's performance on education is improving and there has been significant improvement in housing. Adult social work remains an area of concern.

A number of significant challenges remain, particularly in respect of transport, providing affordable homes and improving the customer focus of the city development department. The council is using its new performance management framework to focus on improving poorer performing services such as refuse collection, criminal justice services and street cleanliness.

Service performance

154. Audit Scotland publishes a set of SPIs for each Scottish local authority. These do not give a comprehensive picture of performance across all services, but they do allow some comparisons to be made between councils and over time. [Exhibit 12](#) sets out Edinburgh's performance against the SPIs.

Exhibit 12

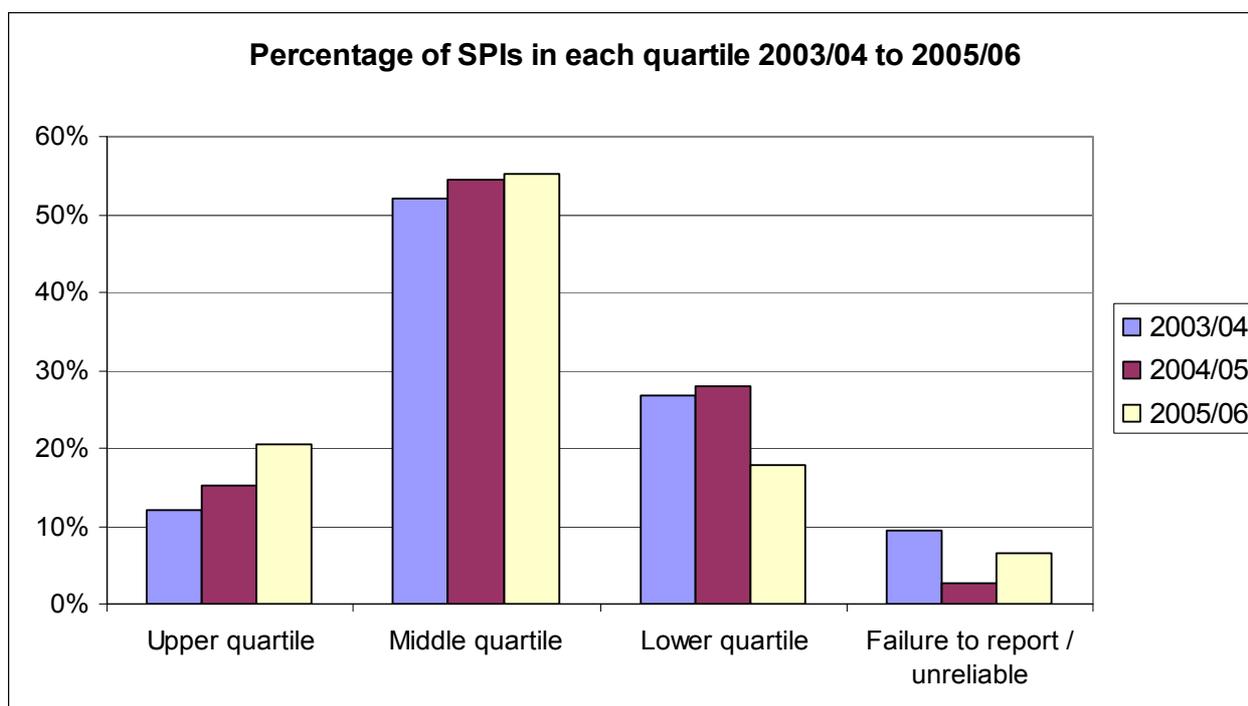
Council Profile of SPIs 2005/06: Number in each quartile by service area

	Upper quartile	Middle quartiles	Lower quartile
Adult Social Work	2	14	5
Benefits Administration	2	1	0
Education and Children's Services	5	2	3
Corporate Management	3	5	2
Cultural and Community Services	0	4	0
Development Services	0	2	0
Housing	1	7	0
Protective Services	2	3	1
Roads and Lighting	1	2	1
Waste Management	0	3	2
Total	16	43	14
Scottish average	20	42	16

SPIs: Performance change between 2003/04 and 2005/06

	Measures that worsened by			Measures that improved by		
	>15%	10-14%	5-9%	5-9%	10-14%	>15%
Scotland	7	3	3	3	3	12
Edinburgh	5	0	4	3	3	14

Percentage of SPIs in each quartile: 2003/04 to 2005/06



Source: Audit Scotland

155. Since 2003/04, 20 measures have improved by five per cent or more and nine measures have declined by five per cent or more. This 2.22 ratio of improvement to decline is significantly better than the Scottish average of 1.41 and is among the best in Scotland in 2005/06. The council has also improved the proportion of its indicators in the middle and upper quartiles, with a consequent reduction in the proportion of indicators among the worst performing councils. This brings the council broadly into line with the average performance of Scottish councils. Five indicators were classified as unreliable in 2005/06.

156. Of the 14 indicators in the bottom quartile in 2005/06, seven of these were also in the bottom quartile in 2004/05. These include the proportion of people aged 65 or over who receive home care at weekends, the proportion of probationers seen within a week by a social worker, and the council tax collection rate. The council needs to focus attention on these areas. Significant improvement can be

seen in the performance of the Housing Service; none of the measures are now among the poorest performing councils in Scotland, compared with four in 2004/05.

157. In 2004/05, the council was among the worst performing councils in processing new benefit claims. Significant improvements have been made and in 2005/06 it took the council 28.7 days on average to process new claims, the eighth fastest in Scotland and above the Scottish average of 31.7 days. Accuracy has also improved to become the fourth best performing council at 99.6 per cent. The cost of administering claims, at £49.92, was lower than the national average of £50.10.

158. The council has a relatively poor council tax collection rate at 91.8 per cent, though it compares favourably to other city authorities and has improved its performance since 2003/04. The cost of collecting council tax has increased from £11.55 per dwelling in 2004/05 to £14.28 per dwelling in 2005/06 and is above the Scottish average of £13.60.

Delivering priorities

159. Our audit work focused on areas that:

- are closely aligned with some of the main challenges facing the city and the council's key objectives of sustaining growth and regeneration and transport
- provide services to the local community
- are performing particularly well or poorly in the council's self assessment
- have a high level of expenditure
- provide services to the council's most vulnerable citizens.

Supporting children and families

Performance is improving from a generally low baseline across the new department which takes in education and social services for children. There are some good examples of joint working such as the strategy for children with special education needs, and the joint child protection strategy.

160. The children and families department was set up in April 2005; it employs over 7,000 full time equivalent staff with a budget of over £300 million. It was established as part of CR2007, partly in response to the 2003 O'Brien report which reviewed the circumstances around the death of Caleb Ness, a child on the at risk register, in 2001. The department includes a range of services for children and young people including schools, child protection, residential care, respite care and community facilities.

Education

The council's performance on education is improving; attainment is rising and the schools estates strategy is helping to address the changing demands for school places. A 2005 HMIE follow-up report noted that the new structure puts the council in a 'strong position to consolidate recent improvements and confidently face future challenges'.

161. The council runs 94 primary schools, 23 secondary schools, 14 special schools and 18 nursery schools, and works with 120 partner providers. The total gross expenditure per pupil is above the national average for both primary and secondary school pupils and has been increasing in recent years. Between 2002/03 and 2004/05 gross expenditure per pupil increased by 29 per cent in primary schools and 24 per cent in secondary schools. The pupil teacher ratio has improved over the same period.
162. By 2013 the primary age population in Edinburgh is expected to fall by 25 per cent from its peak of 20,630 in 1997. The secondary age population is currently at a peak and many schools are currently over occupied. There are, however, increases in the school population in some parts of the city; the significant residential developments along the Edinburgh Waterfront and Craigmillar are expected to attract more families and therefore increase the demand for school places in these areas. The council is using a range of approaches to manage these changes, including reducing class numbers, reviewing catchment areas and rationalising the estate.
163. The council is at the early stages of the second phase of its Public Private Partnership (PPP), the Smart School initiative. The first phase involved a capital investment of £116 million and has delivered ten newly built primaries, two new and three extensively refurbished secondary schools, and two new special schools, as well as an under-5's centre and a secure unit. Phase two involves investment of £157 million for six newly built secondary schools and two newly built primaries, though this has been subject to some delays at the early stages. The combined effect of the PPP1 and PPP2 programmes will provide new or refurbished schools in 48 per cent of the secondary schools estate, 13 per cent of the primary schools estate and 13 per cent of the special schools estate.
164. In 2003, Her Majesty's Inspectorate of Education (HMIE) published a report on the council's education function and all 11 of the quality indicators rated the education function as 'very good' or 'good'. The report recommended, however, that the council needed to 'further develop approaches to ensure improvements in educational attainment in numeracy in primary schools and S1/S2, literacy in S1/S2 and the overall performance of lower attaining pupils in secondary schools.'
165. In a 2005 follow-up report the HMIE noted 'The authority had given high priority to improving attainment in numeracy and literacy, particularly at P6 to S2 and to 'closing the attainment gap' in primary and secondary schools. In the secondary sector, considerable emphasis had been placed on reviewing the curriculum and extending learning and teaching approaches at S1/S2 and S3/S4 to cater better for the needs of pupils.' The report also noted that 'initiatives focused on Closing the Gap

had raised staff awareness of approaches to meet the needs of all pupils more effectively, particularly those of under-achievers in secondary schools. The restructuring of the department and the adoption of an approach to delivering Children's Services through a Children and Families department placed the council in a strong position to consolidate recent improvements and confidently face future challenges. Since the inspection report was published in March 2003, the Education department has continued to improve aspects of its overall performance.'

166. The council remains committed to improving performance and a range of strategies and initiatives is having a positive effect. The attainment of primary school pupils has improved since 1999:

- Attainment for reading rose from 73 to 81 per cent between 1999 and 2005 and has been at or above the national average.
- Attainment for writing rose from 64 to 73 per cent over the same period and again has been at or above the national average.
- Attainment for mathematics rose from 43 to 65 per cent but has been below the national average.

167. The attainment of Edinburgh's secondary school pupils is around the national average:

- The percentage of the original S4 cohort achieving SCQF level 3 or better in both English and mathematics by the end of S6 has improved and equalled the national average for 2005/06.
- The percentage achieving five or more awards at levels three, four and five remains between one and three per cent below the national average.
- The percentage achieving five or more standard grades or better is above the national average as are the percentages achieving Highers.

168. There is evidence that the attainment gap is closing in some schools. Using the percentage of pupils receiving free school meals as an indicator, it is clear that attainment in the more deprived areas of the city is lower than that in the more affluent areas, but there are examples of primary schools with a high proportion of children receiving free school meals where attainment is improving. For example, in Broomhouse Primary School the percentage of P3, P4, P6 and P7 pupils attaining or exceeding the relevant 5-14 level for their stage improved by 24 percentage points in Reading, 33 percentage points in Writing and 24 percentage points in Mathematics over the period 1999 to 2006.

169. The attainment of looked after children has improved and the percentage of 16 or 17-year-olds ceasing to be looked after and who achieved at least one standard grade was slightly above the national average in 2005/06.

170. A report to the Children and Young People's Scrutiny Panel in May 2006 identified levels of absence and truancy in secondary schools as an area of concern. The council has introduced a number of

initiatives to address serious non-attendance and truancy, including 'Truancy Watch' where shopping centres are periodically patrolled during the school day which has gained the support of parents and local shopping centre managers. The council is also introducing 'Truancy Call' software which enables schools to contact parents by telephone, mobile or e-mail when a child is absent from school.

Child protection

The service has some good examples of joint working. It is reducing the number of children on its child protection register for two years or more, although current performance is still below the national average and the time taken to see children with new supervision requirements is increasing. Levels of qualified social work staff are much improved and above average. There is a higher than average proportion of children in community placements which suggests the council is making progress in services for vulnerable children.

171. The findings of the O'Brien Report on the death of Caleb Ness provided a catalyst for the council to improve its child protection services. It has invested in improving staffing and workload levels for the city's social workers. The number of social workers vacancies fell from 34 per cent in April 2004 to 4.9 per cent in May 2006 and the number of social worker posts increased from 113.90 to 133.90 between 2005 and 2006, now well above the national average.
172. There has been an improvement in the levels of qualified staff and individual social worker caseloads have fallen from an average caseload of 22.8 cases per social worker in March 2005, to 18.5 cases in March 2006.
173. This injection of resources has had a positive impact in some areas, but the council still faces a number of challenges, particularly with its increased workload. These include:
- The number of child protection referrals in Edinburgh rose by 25 per cent over the two years up to March 2005 compared to the Scottish average of 16 per cent, and rose again in 2005/06.
 - The number of children on the child protection register had remained relatively stable until 2004/05 when it fell. However, during 2005/06 the number of children on the register increased and exceeded the council's upper target threshold of 275.
174. Between 2003/04 and 2005/06 the proportion of children with new supervision requirements that were seen by a supervising officer within 15 days fell significantly from 69.5 to 49.6 per cent. In response, the service has identified a number of actions within its 2006/07 service plan and aims to achieve a level of 95 per cent in 2007 and 100 per cent by 2008 by reducing the average caseload per social worker, reviewing the approaches used in its practice teams and improving monitoring arrangements and the use of computer systems.
175. The percentage of children who have been on the child protection register for two years or more has reduced from 18.1 per cent in 2003 to 9.3 per cent in 2005, though it remains above the national average of six per cent. The percentage of children looked after in community placements rose

steadily between 2002/03 and 2004/05 and was above the national average in 2004/05. This suggests that progress is being made for vulnerable children, but that there is scope for further improvement.

176. The council is working with other agencies to improve child protection; for example the 'Amethyst' team was established in August 2006. This child protection investigation team is made up of council, police and health staff who operate from a shared base. The shared location is improving communications and, although the systems and procedures have yet to be fully bedded in, provides good opportunities to improve the outcomes for vulnerable children and adults, those suffering from domestic abuse, sex offenders and youth justice cases.

Health and social care

The council has introduced an innovative joint approach to providing health and social care services in partnership with NHS Lothian. The new arrangements are still in the process of bedding in and the service faces a number of challenges, including continuing to improve out of hours home care services and improving aspects of criminal justice performance.

177. The health and social care department, with a net budget of £138 million for 2006/07, accounts for approximately 20 per cent of the council's general fund. In 2004, the council and NHS Lothian agreed to set up a joint department of health and social care, under a single director. The department was established in April 2005 with a remit to cover adult social care services. The department is still undergoing significant change but improvements can be seen in the numbers and qualifications of social work staff, and the service's clear focus on performance management. These now need to be converted into improvements for service users.

178. The vision for the department is ambitious and challenging. Good foundations are being laid for a more progressive and user focused service, and many of the service's key plans are ahead of schedule. The main strands of work include the development of a joint approach to service delivery with NHS Lothian for the provision of community health and social care services, and the modernisation of systems and delivery approaches.

179. The joint management team, incorporating senior managers from adult social care and the Community Health Partnerships (CHPs), has been meeting weekly since 2005. This has acted as a 'shadow period' in the run up to the formal transfer of responsibility for the CHPs to the joint director in October 2006. By April 2007 the joint director will lead a single department that includes adult social care services and incorporates the Edinburgh CHP and some primary care services which will transfer from NHS Lothian Health Board.

180. There are signs that a strong management team is evolving. The director promotes open dialogue and is developing a strong culture of accountability and performance by setting clear objectives and targets for the members of the team. This performance management culture is driven through regular

balanced scorecard reports which are included in the department's staff magazine to improve awareness and understanding within the service.

181. The arrangements are monitored by a joint board of governance, which includes members of the NHS Lothian Board, cross party elected members, including the council leader and the chief executives of both organisations. Decisions are made by the council and NHS Lothian Board and are also subject to the council's normal scrutiny arrangements.

182. It is important that these new arrangements are kept under review to ensure that governance arrangements are fit for purpose in the future.

Supporting older people

The council, in partnership with NHS Lothian, is changing the way that services are provided for older people to better align them with changing patterns of demand, for example through its joint strategy for older people 'A City for All Ages' (ACFAA) and capacity planning for care homes. The service compares well in terms of its levels of qualified staff, but some aspects of service performance such as weekend and night time home care services are below the Scottish average.

183. The council and NHS Lothian have recognised that arrangements and resources for supporting older people need to change to better meet the needs and expectations of service users. In particular, the number of care home places is limited. The council and NHS Lothian are addressing this together to improve both care at home and care home services.

184. Although the projected increase in the proportion of older people is below the national average, the council and NHS Lothian need to plan for increased numbers of older people in the city in the next ten to 15 years. High land values and a strong employment market have reduced the number of residential care home places provided by the independent sector.

185. The need to improve services for older people is also identified in the Edinburgh Partnership action plan. The partnership's strategy ACFAA 2000-2010 identifies the provision of good quality services and facilities for older people as key challenges. A review in 2005 showed that 83 per cent of the ACFAA action plan had been completed, including progress on improving the engagement and participation of older people, information and advice services, promoting financial independence, improving the management of chronic and progressive diseases and recognising the contribution of carers.

186. The implementation of ACFAA has been supported with partners' expenditure of almost £1 million contributing to enhancements such as leisure and physical activity programmes for older people, and engagement with older people in setting objectives and monitoring progress. The strategy has also seen improvement in mainstream services such as reduced waiting times for community care

assessments, and a trend for a reduction in the number of older people waiting to be discharged from hospital.

187. The overall strategy is also supported by more detailed joint planning. In 2002, the council and NHS Lothian agreed a Joint Capacity Plan for Older People. The main purpose was to consider the pressures on the supply of services to older people arising from the reduction of NHS beds, the anticipated closure of care homes, the cost of places and a reduction in care places as a result of the new requirements under the National Care Standards. Edinburgh has the highest independent sector care home fees in Scotland, some 22 per cent higher than the Scottish average, and nearly half of places are purchased by individuals funding their own care.

188. The anticipated impact of the capacity plan was to shift the balance of care to enable more older people to live in their own homes, to ensure that there is an adequate supply of care home places in the city, to meet the care and support needs of older people with high level needs and to reduce the numbers of people delayed in hospital requiring alternative social care services to a minimum.

189. The plan concluded that the demand for care home places would be such that additional places were needed in addition to increasing the amount of support for people staying in their own homes. The sites for the four care homes were identified and care home residents were consulted in the design process for the care homes. This inclusive approach is important in improving the quality of life for residents as, for example, the proportion of single rooms and rooms with en-suite facilities is currently below the Scottish average.

190. The percentage of qualified staff in care homes for older people is among the best in Scotland with nearly 50 per cent of the staff having the appropriate qualification compared to the average across Scotland of 42.5 per cent.

191. The council still needs to extend evening and weekend services in order to achieve the national target of supporting 30 per cent of older people who require intensive support, in their own homes by 2008 and improve the quality of care for its customers. The service is currently being restructured to ensure that it is in a position to meet these targets. The indicators covering the proportion of home care clients receiving personal care, those who receive personal care in the evenings/overnight and those receiving care at weekends all show improvement, but remain below the Scottish average.

Supporting other adults

The service demonstrates some good user focus but needs to improve on some aspects of its criminal justice service where Social Work Inspection Agency (SWIA) have reported a mixed picture of performance.

192. There are examples of a strong and effective user focus within the service. For instance, the HIV support service was set up in 1987 and originally concentrated its effort on caring for the terminally ill.

Over time it has adapted by increasing the range of services and now provides a broader range of services for those living for many years. Milestone House, originally a hospice for HIV patients, now provides mainly respite care and the service aims to provide a 'one stop shop' approach for people with HIV, working closely with other departments and key partners such as NHS Lothian.

193. Edinburgh's criminal justice services are provided as part of Lothian and Borders criminal justice social work services, which is the largest grouping of authorities providing criminal justice services in Scotland. The SWIA carried out a performance inspection of the services in 2005 and reported a mixed picture. SWIA concluded: 'We found some real successes and achievements in providing services both across the Consortium and within individual authorities, including well-established group work programmes, a specialist service for sex offenders and some Consortium-wide quality assurance practices. We found few examples of poor practice and some examples of very good practice.'
194. SWIA also made a number of recommendations where the service along with its partners need to improve their performance and noted that 'the Consortium still has some way to go to deliver services to consistently high standards.' The areas where improvement was needed included the use of risk assessments and the provision of suitable arrangements for women offenders placed on community service and for offenders who are not physically able.
195. In 2005/06, the SPI for the proportion of probationers seen by a supervising officer within one week improved slightly in 2005/06, but remained among the worst performing Scottish councils at 53.7 per cent and below the national average of 58.3 per cent.

Supporting city development

City development faces significant challenges in providing an effective planning system and a sustainable transport infrastructure. These services also have more to do in developing a more customer focused approach, in line with the council's corporate priorities. The department needs to focus its performance monitoring on priorities.

196. The city development department comprises four core service areas: transport, planning & strategy, economic development and corporate property and emergency planning. The department faces two significant and related challenges in supporting a growing local economy and the associated growth in population and daily in-migration, and the provision of an effective planning system and sustainable transport infrastructure into and around the city.
197. To date there has been less progress on developing a strong customer focus in city development than in other parts of the council, beyond consultation with the business sector and public consultation exercises around major projects. This, along with the divisional and professional focus, is at odds with other developments across the council.

198. A report to the council in November 2006 acknowledged that these and other issues need to be addressed and that the department needs to ensure that it achieves the right balance between professional and technical expertise and modernising its services by focusing on customers and working across professional boundaries. The council agreed a number of proposals relating to the management and partnership arrangements and resources associated with planning, transport and economic development services to support improvement.

Planning

The service has experienced significant increases in demand for its services and its workload has increased at a rate which is well above the national average. There are signs of improved performance since 2003/04, but challenges remain.

199. The proportion of householder planning applications dealt with within two months has improved since 2003/04, but at 77 per cent in 2005/06 it remains below the national target of 90 per cent and below the national average of 78.3 per cent. The proportion of non-householder applications dealt with within two months fell between 2004/05 and 2005/06; this is a particular concern given the council's focus on sustaining the growth and regeneration of the city.

200. Between 1996 and 2004 the volume of applications received rose by 58 per cent compared with average growth nationally of 30 per cent. Over the same eight-year period the service's processing performance has increased by 22 per cent, compared with a national improvement rate of three per cent. Applications received are often complex due to the historic nature of the city and its designation as a World Heritage Site, and the caseload per officer is higher than in other cities.

201. As part of the council's response, the service has developed a Planning & Building Standards portal for open access via the internet to planning advice; to documents associated with a planning application, including maps and plans; and to online progress tracking. The portal receives approximately 24,000 enquiries per month.

202. The service is developing a balanced scorecard to help focus on improving its performance. Other than national SPIs, performance measurement is mainly based on project reporting. Generally the service met its own targets on almost two-thirds of the indicators it used in its scorecard for April/May of 2006. Explanations and improvement actions are included, but the scorecard does not yet cover all of the service. The performance scorecard would benefit from including indicators measuring the impact of service activity on the key drivers and priorities for all of the four service divisions. This would allow the service to better demonstrate its impact and allow elected members to make more informed judgements about service performance. In addition, the scorecard would be improved by information about customer satisfaction and comparative information.

Transport

Improvements have been made in the transport infrastructure and traffic flow into and around the city. However, these are only keeping pace with increased demand and they are not having a significant impact on congestion; the council's proposals to introduce congestion charging were rejected in a public referendum.

The council and its partners need to continue to work together to focus on more regionally-based transport problems such as the structural and congestion problems of the Forth road and rail bridges.

203. Transport is central to the continuing prosperity of the city. Approximately one third of the workforce commutes from outside the city. The council's annual consultation with the key sectors of the business community consistently identifies transport as the single most important issue facing the city in relation to congestion, parking and rail services.
204. The council has put significant investment into the transport infrastructure of the city and surrounding areas in response to these concerns. In June 2006, the council reported that it had invested £130 million in infrastructure and services and £40 million into the maintenance of roads and pavements since 2001. Bus usage in the city has increased steadily year on year since 1998. A 26 per cent increase since 1998 has been recorded and last year buses carried 103 million passengers in Edinburgh. This is equivalent to 188 journeys per person per year compared with a UK national average of 89.
205. Other successes include the Fast Link bus service connecting the Gyle and Edinburgh Park with the centre, which won the Scottish Transport Project of the Year award in November 2005. However, this increase in public transport usage within the city has only absorbed the increase in the flow of traffic into the city; it has not had an impact on baseline congestion levels which remain static or are increasing. A recent Audit Scotland report, *Scottish Executive: An Overview of the performance of transport in Scotland*, shows that congestion levels on five major routes into the city are at or above the Scottish average.
206. In February 2005, Edinburgh residents decisively rejected the council's Transport Edinburgh Referendum on a congestion charging scheme for the city. The council's response has been to move forward with its 'base strategy', which retains the central aim of modernising the infrastructure and reducing congestion, but at a slower pace and with reduced investment. In November 2006, the council approved a new Local Transport Strategy (LTS) which reflects the revised approach.
207. The council and service leadership has not been afraid to take on difficult issues but, as the congestion ballot shows, they have not always been successful. Our evidence suggests that there may have been a tension between a political emphasis on being responsive to high profile issues and concerns among officers about the acceptability, feasibility and suitability of the response from both a customer and technical point of view.

208. The new LTS is fairly consistent with public survey findings and the local plan, and it is tied to economic growth patterns along existing arterial routes. However, reports to members indicate resource difficulties and the aspirational nature of some aspects of the Strategy. The proposed monitoring arrangements for the new strategy do not measure congestion and its impact. Some targets and measures are included but these focus on outputs, for example providing safer routes, rather than impact such as the reduction in accidents.
209. The council is currently involved in three major transport projects. The first is the Edinburgh Airport Rail Link (EARL) to provide a direct rail service between the airport and all the main Scottish stations at an estimated capital cost of approximately £610 million. The EARL Private Bill was introduced to the Scottish Parliament in March 2006 and is currently at the approval stage. The second is the Waverley Railway Project which aims to re-establish a passenger transport service from Edinburgh to the central Borders area by 2011. The City of Edinburgh Council is a joint promoter with Scottish Borders Council, Midlothian Council and Scottish Enterprise Borders. The Bill was passed by Parliament on 14 June 2006 at an estimated project cost of £129.6 million. The third major project is the introduction of trams to the city.
210. The Edinburgh Tram Bill for the construction of Line One was approved by Parliament on 29 March 2006 and £60 million has been spent in preparing the case for bringing trams to Edinburgh. The council agreed the tram project final business case on 21 December 2006. The project is intended to facilitate the planned major expansion of the city in the north and west, reducing demand for car travel and providing an alternative to existing bus services.
211. The City of Edinburgh Council was a founding member of the regional transport partnership SESTran (South East Scotland Transport Partnership). Since December 2005 this partnership has had a statutory basis and a Regional Transport Strategy (RTS) must be produced by April 2007. A voluntary RTS was developed in 2003 by the member authorities (City of Edinburgh, Clackmannanshire, East Lothian, Falkirk, Fife, Mid Lothian, Scottish Borders and West Lothian). The City of Edinburgh objectives contained within this are largely represented in the 2004-2007 LTS and monitored on a project basis.
212. In particular the issues around cross-Forth travel have been well presented by SESTran with the 2003 RTS describing the structural problems facing both the road and rail bridges. The council has also been working with the Forth Estuary Transport Authority to highlight regional transport challenges. This work focuses on the urgent need to reduce the volume of traffic over the road bridge and the need to maintain a rail bridge functioning at capacity, given its structural problems and signalling and platform limitations.

Sustaining growth and regeneration

The council has a good awareness of the context within which it operates and it has prioritised sustaining the growth and regeneration of the city. It can demonstrate a number of significant regeneration initiatives but many of these involve complex partnership and governance issues which the council needs to continue to improve. Challenges remain in tackling issues such as affordable housing.

213. The council recognises that, though the city's economic performance is strong, it could be even stronger. Swiss consultants BAK Basel Economics ranked Edinburgh as 'mid-table' against 19 other cities in Europe and North America in terms of overall economic performance, but second in terms of economic growth between 2000 and 2004. A recent report by Cambridge Econometrics also ranked Edinburgh's predicted output growth rate for 2004-2010 as second only to Cardiff and above London, Glasgow, Manchester and Birmingham.

214. The council has a good awareness of the context within which it operates and of the issues which bear on the sustained growth of the city. These are clearly articulated in a wide range of strategies and plans which demonstrate the common sense of direction shared by the council and its strategic partners. Evidence of this can be seen in: the City Vision, the Community Plan, the Corporate Plan 2003-2007; the City Region Structure Plan and The City Local Plan; and in 'A Vision For Capital Growth 2020-2040.' This plan, produced by the city development department in response to the City Regional Structure Plan, considers how the city might grow in the longer term and identifies how challenges such as the labour market, affordable housing and the transport network might be addressed.

215. The council has had a major role in a wide range of major projects which have been important in the growth, regeneration and economic prosperity of the city. These include:

- the Exchange financial district
- the Edinburgh International Conference Centre
- Edinburgh Park business park
- public transport initiatives like the bus 'greenways' and the on-going development of a network or park and ride facilities on the periphery of the city
- the development of festivals, in particular the winter festivals programme
- improvements in the public realm of the city centre
- the 'Joined Up For Jobs' joint approach to assisting those not in employment or training.

216. The council also has a stake in over £6 billion of development underway in the city through a range of major projects:

- the Waterfront regeneration and development across Granton, Newhaven and Leith ([Exhibit 13](#))

- the regeneration of Craigmillar and the development of the Centre for Biomedical Research next to the Royal Infirmary site at Little France
- the re-development of sites in the Waverly Valley, Fountainbridge area, Quartermile and on the site of the old Royal Infirmary
- the development of over 4,800 new homes in the Shawfair area in the South East of the city.

Exhibit 13

The Edinburgh Waterfront Project

This is a significant regeneration project and involves the redevelopment of the waterfront area including Granton, Western Harbour and Leith docks over the next 20 to 25 years. The project aims to deliver a development including a boardwalk from Cramond to Portobello, with schools, parks, marinas, business areas, tourist attractions and mixed housing of 30,000 new houses and the creation of 12,000 jobs in Granton, with further job creation expected across Waterfront area as a whole.

The council and Scottish Enterprise Edinburgh and Lothian established Edinburgh Waterfront Limited in 2000, a joint venture company tasked with delivering the £1 billion re-development of a major part of the Granton area. Other key developers include Forth Ports plc and the National Grid Properties. The council and its partners recognise that for the area to be successful it must be integrated with neighbouring areas and there are a number of examples of where this has begun. For example work which promotes access to employment opportunities in the area through the partnership approach 'Joined up for Jobs' including the 'academies' such as the construction academy and retail academy.

The council has also recognised that progress against the vision for the development has been slower than desired. A Waterfront Development Partnership was established in June 2006, which includes; the council, Scottish Enterprise Edinburgh and Lothians and the key landowner and developers. The focus of this partnership is to ensure that there is closer and more effective working with key partners such as Lothian and Borders Police, Fire Service and NHS Lothian, to ensure that strategic plans and development proposals are implemented in an integrated and coordinated manner and which support the development of an effective infrastructure to serve the area.

Source: Audit Scotland

217. Another significant initiative is the regeneration of the Craigmillar area. Craigmillar is an area in the South East of the City which has seen a number of regeneration initiatives since the 1960s and 1970s when the area experienced the decline of the mining and brewing industries. The population has fallen significantly, from approximately 25,000 in the 1950s and 1960s, to 7,834 at the time of the last census in 2001. Craigmillar is the fourth most deprived ward in Scotland. Details of the initiatives are set out in [Exhibit 14](#).

Exhibit 14

Craigmillar regeneration

Regeneration work over the years has included improvements to the housing stock and themed community projects aimed at improving community participation, the quality of life and social inclusion. The success of individual initiatives has been mixed and initiatives have not had a significant impact on improving the area. There are high levels of unemployment and benefit dependency. Half the children live in workless or lone parent households, and three-quarters in households below the poverty line and there are major health inequalities.

The council has recognised that despite the range of projects and initiatives, Craigmillar has not shared in the growth and economic affluence of the city. As a consequence, the council and EDI established a joint venture company (PARC) in 2003 to renew the approach to regeneration in the area and in September 2005 the council approved a design framework for the area which articulates four key principles for regeneration:

- Bringing prosperity to the area in terms of jobs, security, and a family friendly environment.
- Breathing new life into the community – with schools, town centre and other facilities alongside new housing.
- Keeping the best of Craigmillar, making more of its potential in terms of people, and the cultural, historical and natural features.
- Linking Craigmillar to the adjoining Edinburgh Royal Infirmary, Biomedical Research Centre and Fort Kinnaird developments and the rest of the City through physical connections, and visually by design, so that Craigmillar can look and function as a part of Edinburgh.

The plans include:

- 3,200 new mixed tenure houses
- one new community high school and three or four new primary schools
- a new library
- new public parks and improvements to the public realm
- parks and play areas
- a new reconfigured 'town centre' with 300,000sq ft office retail and leisure space.

The aspirations for the regeneration of the area are helped by other major development close by which include; the Edinburgh Royal Infirmary in Little France, which is also the planned location for the Sick Children's Hospital, and a developing Biotechnology park. The Fort Kinnaird Retail Park also situated close

by which it is hoped will provide employment, income for local businesses and attract other businesses, developers and residents to the area.

To date good progress has been made toward the strategic area master plan. With PARC's regeneration company status £18 million funding has been secured from the Scottish Executive (over 15 years). Planning applications have been submitted and are in place for a number of the sites. These include for example development of existing primary schools into homes for rent, office space and a residential care home, as well as planning for new schools. A number of the new build sites have been developed with mixed tenure and most of the current tenants have been re-housed in the areas identified for demolition and redevelopment. Some of the demolition work has already been completed. There has also been stock transfer of some council owned properties to local housing associations. Consultation exercises on specific proposals have been undertaken, for example for detailed plans for the 340 homes planned for the Wauchope Square area.

Source: Audit Scotland

218. In 2006, an independent review found shortcomings in the way that the Craigmillar Social Inclusion Partnership board operated. The council has responded by directing the partnership to introduce new and more structured arrangements to support the way that it does business. More recently the council has sought judicial review of the community council elections after concerns were raised about the election process. It is clear that the council is seeking to tackle long standing problems associated with the partnership and this will be the subject of ongoing monitoring by the council's local external auditors.

219. As well as being a major economic contributor, the quality of the retail sector has a significant role in making the City an attractive proposition for inward investment, retaining a skilled workforce and attracting tourists. The community plan recognises the importance of the city centre to the economic success and international reputation as a tourist destination under its key challenge to 'improve the city centre.'

220. The strategic objectives for the promotion, development and improvement of the city centre have been assigned to the Edinburgh City Centre Management Company which is supported by Scottish Enterprise, the council and local businesses and organisations. A review of the Edinburgh City Centre Action Plan in October 2005 found that progress had been made through: allocating initial funding of £17.3 million for the 'Capital Streets' public realm improvements; opening a new bus station developing night bus services; creating the Business Assembly; launching the 'Inspiring Edinburgh' city region brand; and creating the City Centre Development Partnership to assist with the coordination and delivery of new retail and public realm developments.

Services for communities

This new service has a good awareness of where performance needs to improve and a strong commitment to customer focus. The performance of services has historically been variable, with homelessness services performing well, but others, including roads maintenance and refuse collection, need considerable improvement. Significant improvement has been achieved in the housing service during 2005/06 and the council needs to build on this and existing areas of effective service delivery to achieve improvement consistently across all of its activities.

221. Services for communities is a newly established service which focuses on bringing the 'quality of life' services together. The service is developing a neighbourhood management approach and consists of four main functional areas – community safety including trading standards, environmental health and scientific services; environment and building services including street cleansing, roads maintenance, parks, open spaces and repairs; housing and regeneration; and performance and community engagement which includes libraries, local community planning and performance services.

222. The new service is central to the council's aim of getting closer to communities. The main aims include: developing consistency in customer focus and performance management across separate service functions; creating a consistent local customer culture; and developing a coherent and fair approach to the management of services at the neighbourhood level.

223. A recent MORI employee survey, carried out prior to the creation of the new service for communities, provides a baseline from which staff perceptions can be mapped. The survey identified some staff morale issues and concerns around job security and communication, though this is not surprising given the imminent restructuring of the new service.

224. There are early indications that the new service is being developed in consultation with staff. There is a sense of enthusiasm at management and officer level about the potential to become more involved and improve services. The interim service management team is led effectively and is starting to make connections between the different service areas. These are encouraging signs and the service needs to sustain this momentum and enthusiasm and translate it into improved local service delivery.

Housing

SPI performance has improved significantly during 2005/06 and tenant satisfaction with the service is good. The council's homelessness service received Communities Scotland first 'A' grade assessment. The council faces significant challenges in delivering on its objective of providing affordable housing in the city.

225. The sustained growth of the city economy requires a supply of available, affordable and appropriate housing which can cater for the workforce and range of households. Between 2001 and 2005 over 10,000 new homes have been built in the city area. Despite this, the availability of housing and, in particular, 'affordable housing' has not kept pace with the economic success of the city. This has resulted in high land values and rising house prices. In Edinburgh the demand for affordable housing

far exceeds supply; over 24,000 households are registered on the EdIndex housing register, but only 3,000 council and registered social landlord properties become available annually.

226. Edinburgh is a relatively expensive city in which to live; in October 2006 the average house price in Edinburgh was £203,000 compared to the Scottish average of £123,000. The balance between council owned and private rented accommodation is very different from the national average. In Edinburgh 17 per cent of properties are in the private rented sector, which is high compared with the Scottish average of seven per cent. The council's average rent level for 2005/06 is £50.68, fourth highest in Scotland and above the Scottish average of £44.78. The council owns approximately 23,000 properties, though this figure is reducing by about 500 houses each year through sales to tenants.
227. The issue of affordable housing has a high profile in the council and the new council leader highlighted the need to step up the pace both in terms of policy development and the translation of policy into action as soon as he took up his new role in 2006. The council has recognised the need to work in partnership with public and private organisations that are major landowners in the city to increase the bank of land available for affordable housing.
228. The City Housing Strategy aims to tackle the problem by increasing supply, and a report to the Planning Committee in June 2006 proposed that 25 per cent of developments should be 'affordable houses' city wide. The community plan has set a specific target of 9,000 affordable homes by 2011. Since 2004, 959 affordable homes have been built and 4,600 units of affordable housing are currently under development. The Edinburgh Partnership recognises that any slow down in the housing market means that the current target of providing 1,000 affordable homes each year may not be possible as a result of funding limitations and the tight land supply within the city boundary.
229. In December 2005, following an extensive programme of consultation, the council balloted its tenants on the question of whether to transfer its houses to a newly established Housing Association in order to release funding for improvements and new development. The outcome of the ballot was a majority of 53 per cent against the proposal that the council should transfer its housing stock.
230. A post ballot survey, undertaken by external consultants, indicated that satisfaction with the housing service and the council as landlord were factors in the decision despite the substantial additional investment in housing improvements that would have come as part of the transfer process. A potential incentive for transfer, home improvement, seems to have been considered by the majority of tenants to represent disruption.
231. This decision will reduce the pace at which the council can achieve the Scottish Housing Quality Standard for the housing stock, regenerate communities and build new affordable housing, and will increase council house rent levels. The shortage of affordable housing is increasingly acute with a

growing population, and upward pressure on house prices and land supply associated with the growing economy. The service is working with Communities Scotland and has secured enhanced development funding of around £20 million in 2006/07 to supply new affordable homes.

232. The council's performance on the majority of SPIs related to housing functions show a consistent trend of improvement between 2002/03 and 2005/06. The percentage of rent lost due to voids improved, falling from 3.5 per cent to 1.7 per cent. Tenant arrears as a percentage of the net amount of rent due in the year improved, falling from 15.8 per cent to 9.3 per cent, and the percentage of council house sales completed within 26 weeks increased from 17.1 per cent to 58.7 per cent.

233. In 2006, the housing service received Scotland's first 'A' grade assessment from Communities Scotland for its homelessness service. Communities Scotland described a customer focused, innovative service with a well developed approach to service improvement based on strong performance management and detailed customer journey information. They also identified strong and open working relationships with partners and committed and skilled officers and managers.

234. Innovative projects such as choice-based lettings and EdIndex ([Exhibit 15](#)) have resulted in service improvement and demonstrate a focus on customers.

Exhibit 15

The 'EdIndex' common housing register

Since April 2003, finding a new home to rent in Edinburgh has been more straightforward through EdIndex. Prior to EdIndex, housing applicants had to apply separately to social housing providers across the city, and were assessed on a variety of complex points systems, with applicants having to complete up to 25 different application forms.

To address this, the housing service created a single housing register, bringing together the council and 24 of the city's Registered Social Landlords (RSLs). The number of partners involved makes it the largest common housing register in the UK and through the completion of one form, customers gain access to 99 per cent of social rented housing in the city. There are currently over 24,000 households registered on EdIndex with around 3,000 lets each year. This has helped to make finding a new home in Edinburgh simpler and more understandable.

Choice-based Lettings

The housing service's review in 2002 of its housing allocation system identified inefficiencies e.g. high refusal rates, high tenancy turnover rates, and long re-letting periods. Customers also found the allocation policy difficult to understand.

To address this, the housing service introduced *Your Key to Choice*, a method of choice-based lettings for all council homes. Available council homes are now advertised on a website – developed in partnership with Scotsman Publications – and in a free newspaper supplement.

Since applicants select the specific properties they are interested in, there has been a considerable reduction in the refusal rate and therefore properties lying empty. Similarly, the amount of staff time required to match tenants to properties is much less than before. Accountability has also improved, with more systematic public performance reporting through the website and newspaper supplement.

The positive impact of Choice can be demonstrated as follows:

- Prior to Choice, 11.4 per cent of tenants left their tenancies within six months – this has now reduced to 6.8 per cent demonstrating that Choice is assisting in providing sustainable communities.
- The average time taken to let empty homes has improved from 16 weeks in 2002/03 to 8.5 weeks in 2005/06.
- There has been a major reduction in customer refusal rate of properties – from 66 per cent in 2002/03 to 39 per cent in 2005/06.
- In 2004/05 2,986 properties were advertised through the Choice system attracting 154,449 bids at an average of 45 per property – 50 per cent of these bids were made via the internet site.

Exit survey results in 2005 identified respondents views as follows:

- 87 per cent said Choice was easy to understand
- 82 per cent said they had seen a copy of the newspaper supplement
- of the 82 per cent, just over two-thirds bid for properties
- 88 per cent of those who had bid for properties found it easy to use.

Source: Audit Scotland

235. The housing service has worked in partnership with Lothian and Borders Police to tackle anti-social behaviour. As a consequence of the council's newly established 24-hour noise team complaints have been diverted from the police communications centre. In addition to reducing the impact on police

officers' workload, the 24-hour team have responded to 90 per cent of domestic noise complaints within one hour.

236. Edinburgh Building Services (EBS), which provides the council's repair service, performs well: the repairs spend per home has improved from three per cent above the national average to four per cent below, with tenant satisfaction with repairs at around 90 per cent. The council commissioned an external evaluation of EBS as part of the preparation for housing stock transfer and this assisted in identifying improvements over the last two years including improved long term financial sustainability and positive cultural change.

Other services for communities

Refuse collection, street cleanliness and road and pavement maintenance services need to improve. A clear timescale for the market testing of the refuse collection service needs to be established.

237. The refuse collection service has suffered from high costs, sickness absence levels and complaints and in August 2005 the council decided that the service should be subject to competitive tender. However, in June 2006 the council agreed to delay market testing to allow the new services for communities to improve performance prior to the tender exercise. At the time of our audit, no firm timetable for this process had been approved by the council's executive. Under best value principles, it is important that the council can demonstrate the competitiveness of its services. This position is not sustainable and the council should establish firm plans for testing the competitiveness of this service as soon as possible.

238. The service has, however, responded to issues of underperformance and secured external management support. Improvements have been made in the management of the refuse division, internal communications have been improved and customer satisfaction has increased to 83 per cent from 79 per cent in autumn 2005, though it still remains below the 87 per cent satisfaction level reached in autumn 2004. The service is implementing a detailed recovery plan based on the consultants' report.

239. Another key issue for city residents and visitors is litter and general street cleanliness. The service has launched a number of initiatives to address this, including a specialist 'task force' for graffiti removal and City Ambassadors who, while primarily focused on litter removal, also report faults, remove graffiti and build relationships with local residents and traders in their patch. The survey results for autumn 2006 show that satisfaction with street cleaning and cleaning up vandalism and graffiti in neighbourhoods has improved by two per cent and six per cent respectively.

240. Despite focused activity such as this, and a public campaign, Edinburgh's cleanliness index of 66 is slightly below the national minimum standard of 67 and street cleansing remains a problem for the council. In 2005/06, the rate of improvement did not keep pace with other councils and it is now the

worst performing among all Scottish councils. The council has allocated an additional £1 million for street cleansing in its 2006/07 budget to improve its performance in this area.

241. The council performs well on traffic and street light repairs, but road and pavement maintenance remain a concern for residents and is highlighted in regular household surveys. The road network is in poor condition and is among the worst in Scotland. However, following Audit Scotland's national report on road maintenance the council has invested heavily. Around £28 million has been allocated for roads, pavements and street lighting in 2006/07 to improve 122 roads and 64 pavements; and over the last three years almost £40 million has been spent on improving roads. Resident survey findings have improved and the percentage of the network that should be considered for treatment has reduced from 62.3 per cent in 2003/04 to 50.2 per cent in 2005/06. This remains among the poorest levels Scotland.
242. The service needs to develop more comprehensive information on the condition of roads, and this needs to be followed up by focused action to respond to customers' concerns in such a highly visible council service.

Tourism, culture and leisure services

The service's measurable performance is steady and delivered at relatively low cost. Council departments and other stakeholders work well together to deliver a range of services and events in the city.

243. The council has been a key contributor to the success of tourism and the festivals in the city and council departments work closely with other agencies and the private sector to deliver a range of services and events. The city has over three million UK and one million overseas visitors per year. £170 million per year is generated by business tourism in the city. The average occupancy in Edinburgh's principal hotels was 78 per cent in 2005, the highest for nine years, despite a 25 per cent increase in hotel beds across the city.
244. The council has taken a key role in the growth of the city's festivals, which generate around £135 million for Edinburgh and the Lothians each year, including £35.9 million in 2004/05 from the Christmas and Hogmanay festivals. The council manages its contribution to the festivals through the Festival Strategy.
245. Edinburgh's position as a festival destination is acknowledged to be pre-eminent, but the recent 'Thundering Hooves' report highlighted its vulnerability to competition from other destinations. The report recommended that the council consider increasing its revenue spend on culture from 2.8 to four per cent to more evenly match what competitor cities are investing. The council responded by providing an additional £1million funding and forming a working group from among the commissioning partners to develop an action plan. The council is also committed to investing in the second phase of physical improvements to the Usher Hall.

246. The council operates 26 libraries, ten museums, the City Art Centre, the Usher Hall, 147 parks, 157 play areas and four community halls. It employs 663 FTE staff, rising to over 4,000 FTEs including the employees in the organisations for which the council is the major source of funding. Despite the scale and range of its activities the council delivers these services at low cost per head. Expenditure for 2005/06 was £43 million, representing just under six per cent of the council budget. In 2004/05, this expenditure represented £82 per head and the council was the fifth lowest spending council in Scotland.

247. In recent years the culture and leisure department has undergone significant reorganisation. During 2006 the responsibility for parks and libraries moved to services for communities and in November 2006 the council agreed that the remaining culture and leisure services should be managed as part of corporate services pending a further review in 12 months time.

248. The department already uses external organisations to deliver services; one of the most significant is Edinburgh Leisure, which delivers the council's Sport and Physical Recreation Strategy and had a turnover of over £21 million in 2005/06, including a contribution of £8 million from the council. Other partnerships include the Festival City Theatres Trust, the Royal Lyceum Theatre and the Traverse Theatre, and the council has effective arrangements in place to monitor the performance of these organisations.

249. The service is also responsive to changing demands, for example:

- In anticipation of the increase in the elderly population, culture and leisure has developed the 'Get Up and Go' programme of activities for the over fifties.
- In winning the franchise to provide the national Travelling Gallery service funded by Scottish Arts Council, the City Art Centre is able to schedule visits to local communities in Edinburgh as well as deliver the service Scotland wide.
- By extending opening hours, several libraries and two museums/galleries now open seven days a week which has contributed to the significant increase in satisfaction levels with local libraries in the Edinburgh Survey for Spring 2006.
- By involving service users and other interested parties in the design and layout of a library refurbishment and in the development of projects for dance, theatre and music.

Customer care

The council is committed to improving its customer care and responsiveness to customers, for instance through its contact centre and the development of an e-planning system, but this customer care focus is not embedded across all of the council's services. The council needs to deliver more customer service training and corporate monitoring to address inconsistencies in culture and approach across the council.

250. The council has made a clear commitment to customer care and accessible services in its high level strategies and this was identified as a key priority by members and senior managers.

251. The Smart City Vision's key aim is to increase choice in how services are accessed and the initial focus has been on developing a customer contact centre. The contact centre agents handle calls 24 hours a day seven days a week, with an emphasis on speedy response and resolution. A range of service areas are covered and include:

- repairs direct and customer satisfaction surveys on housing repairs
- Clarence (road and street light repairs)
- environmental and consumer services enquiries
- freedom of information requests
- social care direct handling health and social care referrals
- rent arrears
- anti-social behaviour complaints
- central emergency services, handling out of hours emergencies
- home care direct, dealing with services to support people in their own homes including personal care, shopping and meals
- signposting for other service areas or organisations, e.g. Consumer Direct for general consumer advice, National Traveline for travel enquiries, Scottish Water and other utilities
- general enquiries.

252. Monitoring reports indicate that the contact centre performance is improving with 80 per cent or more of calls answered in 30 seconds. In excess of 2,600 surveys have been completed by callers and these show that 94 per cent are happy with the politeness of staff, 88 per cent of enquiries were fully resolved and 92 per cent of callers were satisfied. In addition, the contact centre can demonstrate its competitiveness, costing less than £2 per call compared with a UK average of £2.44.

253. The council has also introduced a number of other initiatives designed to improve the customer experience in accessing services, for example the Planning & Building Standards Portal within city development. This user-friendly portal is easily accessible from the council's website and allows access to view and submit planning applications and warrants on line. The site provides detailed advice and guidance ([Exhibit 16](#)).

Exhibit 16

The Planning and Building Standards ICT Project

The Planning and Building Standards ICT Project, in conjunction with BT, became one of the first SMART City projects. Prior to the project, paper-based working arrangements for planning applications and building warrants were resulting in inefficiencies in processing applications and enquiries and there were limitations on how customers could make applications and payments.

To address these, the project has delivered a single comprehensive property address database (Corporate Address Gazetteer) that underpins, not only the Planning and Building Standards project, but also other land and property based ICT projects across the Council. This has allowed for a faster, higher quality service through open access for the public to the portal from any internet enabled computer 24/7, rather than having to travel to a city centre office during business hours. It provides the customer with a variety of search options, accessing information in real time, thanks to a live link to the database. This allows customers to view the documents associated with an application, including any drawings (although this is not possible for Building Warrant applications due to security considerations), as well as viewing the site on a map, they can comment on planning applications using an online form and track the progress of applications online.

The council has seen the use of its Portal increase from 2,173 users accessing the site in August 2003 to 21,873 users in April 2006. The council is now working as a key partner in the Scottish Executive-led e-planning Efficient Government bid, to secure funding to roll out a similar integrated ICT-based approach across all of Scotland's planning authorities.

Source: Audit Scotland

254. The council has commissioned external consultants to examine the customer experience across the council. The consultants found that although the reception from frontline staff in offices is generally positive, friendly and respectful there were some instances of information not being followed up as promised and enquiries not being resolved. In addition, whilst some services have set up customer service standards these are not in place across the whole of the organisation.

255. The council launched a corporate complaints system in June this year. Prior to that there was no corporate monitoring of complaints, although it did take place at the departmental level in some services. Customer complaints are a valuable source of feedback for services and it is a corporate responsibility to analyse trends and ensure that the information is used to identify improvements.

256. The gathering of customer feedback data within services is variable. Some, for example culture and leisure services, are proactive and gather a lot of feedback, while others, like city development, do much less. Although customer care is a stated objective and regular residents' surveys take place to gauge overall satisfaction levels, customer satisfaction measures could feature more heavily in services' performance scorecards.

257. Training for customer care is also variable and the council lacks a systematic approach across all services. This should be an area of concern given the council's stated objectives as customer care is unlikely to become embedded across the board without investment in staff training.

Part 4: What needs to improve?

The council has an ambitious and wide ranging improvement agenda that covers major development projects, service improvement and reconfiguration, as well as support systems and processes. It already has effective systems in place in many areas and has strong leadership and a proven commitment to continuous improvement.

These foundations will be essential for supporting the council's improvement agenda. Significant challenges remain at both the strategic level, for example on transport and housing where improvement is needed to sustain the growth and regeneration of the city, and at the level of core services, in particular on refuse collection, planning, adult social work and criminal justice performance.

258. Continuous improvement in public services and local governance lie at the heart of the Best Value and Community Planning policy framework. Elected members and officers must focus on key policy objectives and the needs of service users and communities, driven by a desire to achieve the highest possible standards in service delivery. This requires a culture where areas in need of improvement are identified and openly discussed and in which service performance is constructively challenged.
259. The City of Edinburgh Council has invested significantly in recent years, in its strategic priority areas, by making changes to the way that it does its business at the political level, and by fundamentally reviewing the way in which its services are organised as part of its CR2007 initiative. The council demonstrates a commitment to continuous improvement and elected members and senior officers of the council have provided clear and visible leadership.
260. Although the council enjoys benefits as a consequence of its scale and profile, it also faces difficult decisions in balancing the different demands of its international, national, regional and local ambitions, and in balancing the need to sustain growth with regenerating deprived communities and improving core services. The council and its strategic partners need to do more to develop a shared view of regional priorities and responsibilities with neighbouring councils to inform future investment decisions.
261. While the council works effectively with its strategic partners on a range of projects and services, the community planning arrangements have not so far fulfilled their potential. New arrangements are being introduced to support the aim of bringing services closer to the communities that they serve. This vision is supported by the need to develop a stronger customer focused culture across all of the councils services and deliver its customer care strategy.
262. The scale of the council's improvement agenda is significant and ensuring that it is effectively coordinated will be critical to its success. The council recognises the need for this clearer focus and is currently considering the prioritisation of its improvement agenda. This provides an opportunity for the

council to take stock and to ensure that its efforts are directed to the areas which are most significant and will have the most impact. The council is particularly aware of the need to improve performance in a number of services such as adult social work, refuse collection, planning, and the customer focus within city development and roads maintenance

263. The council is aware of the areas that need to improve. The improvement agenda below sets out a number of high and medium priority actions designed to focus the council on areas for improvement. They are intended to assist the council in identifying those areas where it should focus its initial investment. This improvement plan is designed to build on the momentum that already exists and will provide the basis for review and monitoring by the council's external auditor over the coming years.

Improvement agenda for the City of Edinburgh Council

High priority

- Improve performance in refuse collection, roads and footway maintenance, planning, educational attainment and adult social work.
- Implement new arrangements for local Community Planning Partnerships based on joined up services at local level.
- Review, and prioritise the different streams of corporate improvement activity to provide a clearer focus for investment and to ensure that it is being coordinated effectively.
- Ensure that effective progress is made on the key strategies that support sustainable growth and regeneration, in particular on transport and affordable housing.
- Complete the CR2007 programme.
- Agree a timetable for market testing the refuse collection service.

Medium priority

- Deliver improvement programmes within the reconfigured services.
- Develop long-term financial planning and the management of assets.
- Continue to implement the improvement plan for the council's scrutiny arrangements.
- Build on existing arrangements to develop effective community engagement mechanisms.
- Develop an approach to workforce planning and development to support the development of capacity and a customer focused culture to meet future service demand.
- Further develop Public Performance Reporting to provide a balanced account of the council's performance, reported in a variety of accessible formats.
- Build on existing performance management arrangements to continue to develop more effective, outcome focused measurable impacts and ensure that systems are in place to capture and report good quality performance information within the council and with the Community Planning Partnership.
- Continue to develop consistent arrangements for, and culture of, risk management customer care and sustainable development.

The City of Edinburgh Council

The Audit of Best Value and Community Planning



If you require this publication in an alternative format and/or language, please contact us to discuss your needs. It is also available on our website: www.audit-scotland.gov.uk

Audit Scotland
110 George Street
Edinburgh EH2 4LH

Telephone
0845 146 1010
Fax
0845 146 1009