

The Audit of Best Value and  
Community Planning

---

# Dumfries & Galloway Council



Prepared for the Accounts Commission  
March 2009

# 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 41 joint boards (including police and fire and rescue services). Local authorities spend over £19 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 Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

# Contents

**The Audit of Best Value**

**Page 2**

**Commission findings**

**Page 4**

**Overall conclusions**

**Page 6**

**Part 1. Does the council have clear strategic direction?**

**Page 9**

The local context

The council

**Page 10**

Leadership and culture

**Page 14**

Setting a clear direction

**Page 15**

Openness and accountability

**Page 16**

**Part 2. Is the council organised to deliver better services?**

**Page 20**

Working with partners

**Page 21**

Area working

**Page 22**

Performance management

**Page 23**

Managing resources

**Page 24**

Equal opportunities

**Page 29**

Sustainable development

**Page 30**

**Part 3. How are services performing?**

**Page 32**

Statutory performance indicators

**Page 33**

Customer focus

Education, social work and community services

**Page 34**

Economic development and regeneration

**Page 38**

Waste management

Housing and council tax benefit functions

**Page 39**

Police, fire and community safety

**Page 40**

**Part 4. What needs to improve?**

**Page 42**

**Dumfries & Galloway Council improvement agenda**

**Page 44**

# 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 Dumfries & Galloway 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 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 the council's external auditors and 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 or no coverage in others. While we have made some comparisons with other councils, our overall approach has focused on performance trends and improvement within Dumfries & Galloway Council. The report also reflects the picture available at the time our main audit work was conducted between 9 June and 29 August 2008.

We gratefully acknowledge the co-operation and assistance provided to the audit team by Dumfries & Galloway Council, and the councillors and officers contacted during the audit. We would particularly like to thank Councillor Ivor Hyslop, the leader of the council; Phil Jones, the chief executive; and John Bennett, business transformation manager, and his team.

# Commission findings



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

**2.** The report identifies serious weaknesses at Dumfries & Galloway Council which would be of concern in any circumstances. They are all the more concerning given the significant challenges facing the council, which make it essential that action is taken as a matter of urgency to move the council forward.

**3.** We acknowledge that the council provides a good lead in community planning and, together with its partners, has a clear vision for the area, with a new focus being provided by the Single Outcome Agreement. Local area committees work well, a number of major projects have been delivered, and the council has sound traditional financial controls.

**4.** However, there are a number of areas of particular concern to the Commission:

- There is a weakness in both political and managerial leadership. Political leadership over a number of years has not provided clear strategic direction. Senior managers have not provided clarity or coordination in the delivery of strategic objectives. Strategic planning and management is largely ineffective in practice.

- Service performance is mixed and overall the rate of service improvement is well below the Scottish average.
- The council does not have effective performance management or a culture of continuous improvement.
- There is a lack of clarity about councillors' responsibilities for scrutinising performance and little political leadership in performance management.
- Corporate arrangements for the effective and efficient management of the council's staff are not properly developed.

**5.** While the council has been aware for some time of its corporate weaknesses, little has been done to remedy them. We urge the council to take the opportunities being presented as a result of impending changes in managerial leadership. We look forward to receiving an improvement plan from the council which addresses the weaknesses identified in the Controller of Audit's report and which focuses on improving leadership and direction. Particular attention should be paid to:

- improving the education and development of councillors to provide them with the tools to carry out their corporate and strategic responsibilities
- making performance management effective and establishing a culture of continuous improvement
- improving elected members' scrutiny of performance
- increasing the pace of change in services and making them more efficient.

# Overall conclusions





Dumfries & Galloway Council demonstrates a good understanding of the diversity of the region, which extends over a large rural area. Community planning is good and the council is continuing to build on its sound approach to area working to help it to shape its services to meet local needs. With its partners, it now has a clear vision for the region and generally it engages well with local communities and other service providers in taking this vision forward.

However, as an organisation the council has some serious weaknesses. Councillors and managers have not provided sufficient leadership to drive improvement in service quality or to secure best value in the way the council works. Performance management, which is key to securing improvement, is poor. The council has maintained council tax at low levels and has sound financial controls, but it is facing significant financial challenges with insufficient links between service and financial planning to help it to deal with them. Vital processes, including risk management, asset management and people management, are poor or underdeveloped. Councillors and officers do not do enough to ensure the competitiveness of the council's services. The council is not discharging its best value responsibilities adequately in its role as the police and fire authorities.

There has been some improvement in the council's services, but its performance often lags behind those of other councils and the rate of improvement is slower than in many other places. Social work services are improving slowly. Educational attainment is slightly above average for Scotland but has shown some decline in recent years. The council has good waste management, including the

innovative Eco Deco waste plant, and is providing better leisure facilities, for example at the major DG One complex in Dumfries. There has been good progress in local community regeneration projects, but the council has not yet secured major impact from its larger-scale regeneration activities. Partners including the council are working well together to improve community safety.

Dumfries & Galloway Council faces significant challenges. It needs to increase the pace of improvement in its services while making sizeable budget savings. It needs to improve leadership and direction in order to achieve these objectives. In particular, there is an urgent need to make performance management effective to provide councillors and services with the information needed to drive improvement.

**1.** Dumfries and Galloway is a rural area, with a small and dispersed population. It has significant natural advantages but lacks large economic enterprises. Many people are self-employed or working in very small economic units; wage levels are lower than the Scottish average and the working population is declining. It is a large region, measuring some 100 miles from west to east, and the characteristics of local communities vary greatly from one side of the region to the other.

**2.** The council provides a good lead in community planning at regional and area levels. It recognises local characteristics by operating four administrative areas, allowing the identities of local areas to be reflected in local arrangements. The council's leadership of and support to area working is valued within the four areas. Its services respond well to the rural nature of the region.

**3.** The five priorities set out in the Single Outcome Agreement (SOA) agreed in 2008 are providing new

direction. There is strong partnership commitment to the vision and priorities. The council engages well with local communities, particularly at area level and with minority groups, and a partnership approach to consultation and engagement is developing. Joint working is productive, but there is room for improvement in the working relationship between the council and the sizeable third sector.

**4.** However, leadership and direction for the council as an organisation are weak. Political leadership has not provided sufficient clarity on the strategic direction within the council. Managerial leadership has not driven change or fostered a culture of continuous improvement in services. There are some signs that the council is taking action to improve its strategic direction but progress is slow and the strategic framework is largely ineffective in practice. Budget planning is not aligned to the priorities. The council is moving to different ways of working without sufficient understanding or agreement on what this will mean in practice. Its approach to consultation is unstructured and uncoordinated and it does not report effectively to the public on the performance of the council or the Community Planning Partnership (CPP). Councillors engage in constructive debate but the scrutiny function is not performed effectively or efficiently.

**5.** There are significant weaknesses in the council's internal arrangements for best value and continuous improvement. Performance management is poor and there is no corporate culture of performance management for service improvement. The council's approach to risk management, asset management, corporate workforce planning, and workforce management are all poor or underdeveloped. The council's arrangements to ensure competitiveness are insufficient. Considerable improvements are required in councillors' scrutiny of

and challenge to the performance of the council's Significant Trading Operations (STO). The council operates sound financial controls, but it is facing sizeable financial challenges and the links between financial and service planning are weak. It faces the significant challenge of delivering future budget cuts against a backdrop of increasing demands on services and the need for future financial investment in the council's infrastructure.

**6.** The absence of a corporate, coordinated and embedded approach is apparent in other ways. The council is providing good support to local groups which represent minority communities but equalities and diversity are not embedded across its operations. The council has some innovative practice in sustainable waste management and transportation but sustainable development is not an integral part of service planning and delivery. The council provides good face-to-face customer service at an area management level but customer service is not coordinated across the council's services.

**7.** The lack of leadership for best value and continuous improvement is reflected in the council's service performance. SPIs for 2007/08 suggest that services continued to lag behind those of many other Scottish councils. Fewer than average indicators are at top level performance, and the rate of improvement is slower than the national average. Educational attainment in Dumfries and Galloway is slightly above the average for Scotland, but has shown some decline in recent years. Social work services are improving slowly after a critical inspection in 2006. The council is working well in partnership to provide a range of leisure and cultural services, but performance is not consistently good. There is good practice in community regeneration projects, but the council has yet to demonstrate a major impact from its larger-scale regeneration activities.

**8.** Recent developments indicate that the council is beginning to invest to meet some local and national expectations for improvement. It is taking action to determine the future of its schools, including small schools, and has funded plans for the improvement of many schools. Neighbourhood regeneration in deprived areas of Stranraer and Dumfries is linked well to housing renewal. It has successfully implemented its area waste management plan and has used the Private Finance Initiative (PFI) to help fund a major infrastructure investment to enable it to meet long-term European targets for landfill reduction.

**9.** The council exercises its role as the police authority and the fire authority through the Police, Fire and Rescue Committee. Under the Local Government in Scotland Act 2003 the police authority has statutory responsibilities for providing leadership and direction for best value. It has not been proactive in exercising these best value responsibilities. However, crime is reducing and new leadership and action on community safety is bringing good results.

**10.** Dumfries & Galloway Council is aware of many of its weaknesses but it has much to do if it is to improve services and meet requirements for best value while responding to the need to make sizeable budget savings. Leadership and direction need to be strengthened and the pace and management of change need to be improved. In particular, there is an urgent need to make performance management effective in driving improvement.

# Part 1. Does the council have clear strategic direction?



The council provides good community leadership in Dumfries and Galloway. With its partners it has a clear vision for the area and the five new priorities set out in the SOA are providing new direction. There is strong partnership commitment to the vision and priorities. The council works well in partnership and it has provided leadership and direction in area working. It is committed to engaging with local communities and generally provides a good level of resources to facilitate and support consultation and involvement activities.

However, leadership and direction for the council as an organisation are weak. Political leadership has not provided clarity on the strategic direction for the council. Managerial leadership has not driven change or fostered a culture of continuous improvement in services. The council's strategic management framework to support the achievement of the vision and priority themes is largely ineffective in practice. There are some indications that the council is taking action to improve its strategic direction.

### The local context

**11.** Dumfries and Galloway is located in the south west of Scotland, bordering South Ayrshire, East Ayrshire, South Lanarkshire, Scottish Borders and the English county of Cumbria. It has a total area of 2,380 square miles, making it the third largest council area in Scotland, and over 200 miles of coastline. It is very rural; only five per cent of the land is urban, compared with 70 per cent agricultural and 25 per cent forest. Only three towns have a population over 4,500: Dumfries (31,600), Stranraer (10,800) and Annan (8,300). The area contains three National Scenic Areas and ten Regional Scenic Areas, five wetlands of international importance and 97 sites of special scientific interest. Dumfries and Galloway has adopted 'the natural place' as a brand to reflect its diverse rural landscape.

**12.** There are two major trunk roads, the north-south A74(M), which is the motorway link between Scotland and England, and the west-east A75 Euro Route, which connects the motorway system to the Irish Sea ferry ports in the west of Dumfries and Galloway. There are some rail links, including stations at Lockerbie, Dumfries and Stranraer.

**13.** The total population is about 148,000 (General Register Office for Scotland: mid-2006). The density of 60 people per square mile is low and the area ranks 26th nationally out of 32 council areas. Population projections for Dumfries and Galloway predict an overall decrease of 2.7 per cent by 2031, with a drop of 17.2 per cent in 0-15 year olds and a 12.9 per cent decrease in the working age population. The proportion of older people is greater than the Scottish average (24.2 per cent over the age of 60 compared with 16.4 per cent) and predictions for 2031 are for a 32.4 per cent increase of people over 60 and a 93.3 per cent increase in the 75+ age group. The percentage of black and minority ethnic people in Dumfries and Galloway in 2001 was 0.7 per cent, compared with the all-Scotland figure of two per cent. The area has attracted migrant workers; estimates in early 2007 indicated that these numbered between 2,000 and 2,500.

**14.** The economy is growing but at a slightly slower rate than the Scottish average. Employment rates, at 82 per cent, are above Scottish averages (74 per cent) but there are few large employers and most jobs are in small businesses and self-employment; 87 per cent of local businesses employ fewer than nine people and only four per cent employ more than 250 people. The main employment sectors are public administration, education and health (31.2 per cent); retail and wholesale (25 per cent); financial/business services (seven per cent); manufacturing (13 per cent); transport and communication (seven per cent); and agriculture, forestry & fishing (six per cent).

**15.** Tourism is important to the area's economy. Some towns have specific identities: Wigtown as 'book town', Castle Douglas as 'food town' and Kirkcudbright as 'artists' town'. The number of people employed in the arts and crafts sector grew from just over 400 in 2005 to 540 in 2007. The area has become a major venue for mountain bikers and will host the World Mountain Bike Conference in 2009.

**16.** The average gross weekly pay in mid-2008 was £480, equivalent to 95 per cent of the Scottish average. Unemployment-related benefits as a percentage of economically active working age residents were 2.9 per cent in 2006, compared to 3.3 per cent nationally. Dumfries and Galloway has relatively low deprivation with 5.7 per cent of local areas (or 'data zones') falling into the 15 per cent most deprived areas in Scotland, ranking it the 20th most deprived out of the 32 Scottish councils (2006 Scottish Index of Multiple Deprivation, SIMD). However, there are pockets of deprivation particularly in Dumfries, Stranraer, and in some smaller remote communities. The crime rate is relatively low, but domestic abuse, antisocial behaviour and alcohol misuse are rising.

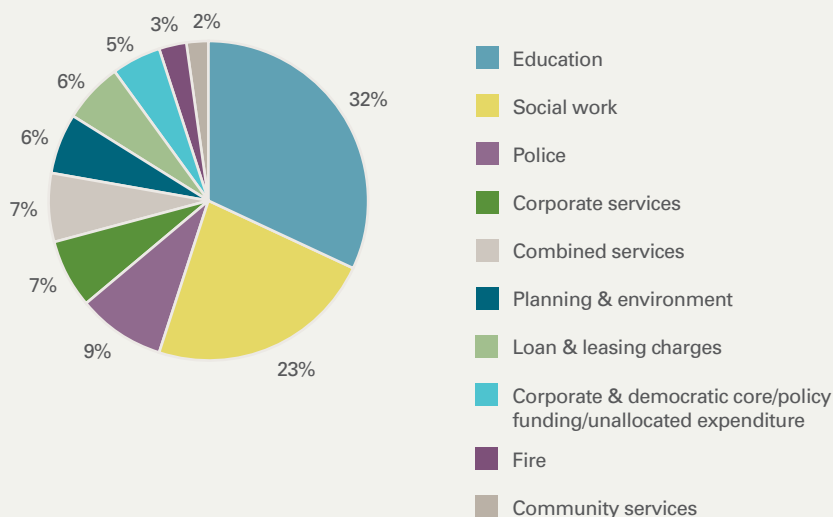
### The council

**17.** Dumfries & Galloway Council is the 13th largest council in Scotland in terms of budget and workforce. The gross spend for services in 2007/08 was approximately £450 million. This equates to £3,009 per head, lower than the Scottish average of £3,104 (ranking 16th lowest). Its budget for 2008/09 is as set out in [Exhibit 1](#). The council employs almost 8,000 staff.

**18.** The council transferred its housing stock to Dumfries and Galloway Housing Partnership in 2003. It has a waste management PFI and has agreed a Public Private Partnership (PPP) for part of its schools estate. At the time of this audit, approximately a quarter of its sport and leisure services were delivered by an independent trust. Social care is provided by a

**Exhibit 1**

## Net revenue budget by service, 2008/09



Source: Dumfries &amp; Galloway Council, 2008

**Exhibit 2**

## Changes in political administration, 2003 to 2008

Time frame	Administration
2003 to February 2006	Alliance between Independent, Scottish Liberal Democrat Party and Scottish National Party
February 2006 to May 2007	Scottish Labour Party minority administration
May 2007 to date	Scottish Conservative & Unionist Party and Scottish Liberal Democrat Party minority coalition

Source: Dumfries &amp; Galloway Council, 2008

mixture of public, private and voluntary organisations. Most other services are delivered in-house by the council's own workforce. The council administers the local government superannuation scheme for its own employees and for a number of other bodies.

**19.** Dumfries and Galloway Constabulary and the Fire and Rescue Service are both coterminous with the local authority. The health board also covers the same area as the council. The council and its partners reviewed community planning arrangements in 2006, replacing the CPP with a joint board. This is supported by a Public Sector Joint Management Team.

**20.** The council has divided Dumfries and Galloway into four geographical areas for local governance and administrative purposes: Annandale and Eskdale; Nithsdale; Stewartry; and Wigtown. These are based on the old district council boundaries which existed up to local government reorganisation in 1996.

**Political structure**

**21.** The council has 47 members representing 13 multi-member wards. The council has been in a situation of no overall political control for some years and is currently led by a Conservative/Liberal Democrat minority administration. Twenty-seven councillors were new in May 2007.

**22.** As shown in Exhibit 2, the council has been subject to periods of political change in recent years, with no political party holding a majority administration. In February 2006, the administration resigned over the setting of the budget.

**23.** In 2008, the political composition of the council is:

Political Party	Seats
Scottish Conservative & Unionist	18
Scottish Liberal Democrats	3
Scottish Labour Party	14
Scottish National Party (SNP)	10
Independent	2

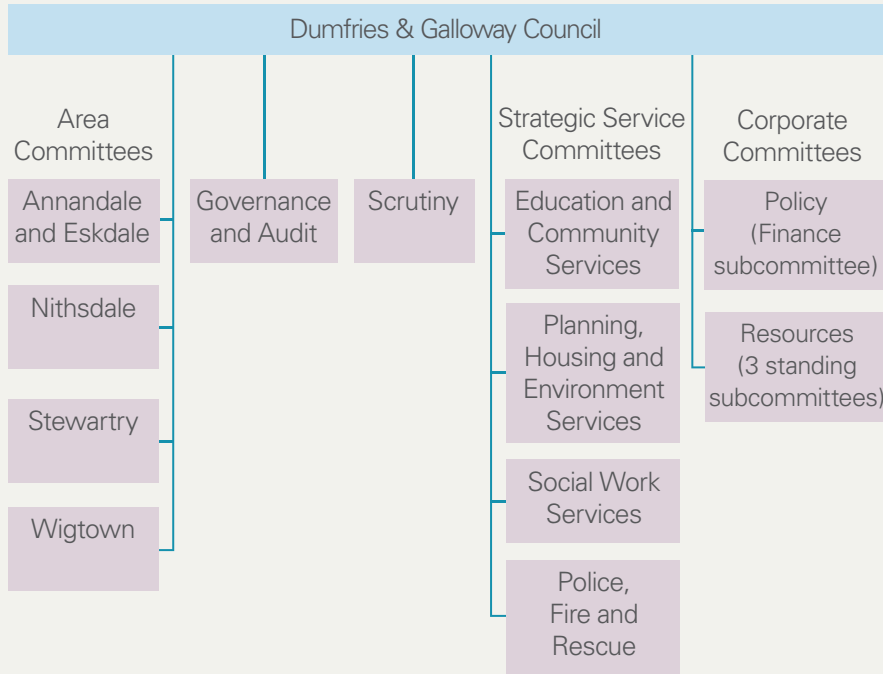
**24.** The council operates a traditional committee-based political system, including corporate, service, area and statutory committees and one Scrutiny Committee (Exhibit 3, overleaf).

**25.** Membership of the corporate and service committees reflects the council's overall political composition. The Scrutiny Committee has a remit to ensure best value by scrutinising the process by which decisions are made by committees and the council's performance against its objectives and targets; it can also scrutinise individual service areas and make recommendations to the council. The SNP, the second largest opposition party, chairs the Scrutiny Committee. The council made some changes in October 2008 to the remits of corporate and service committees and to transfer governance matters from the Governance and Audit Committee to the Corporate Policy Committee, renaming the former as the Audit and Risk Management Committee.

**26.** The four area committees in Dumfries and Galloway are composed of all the ward councillors within the area. The area committees have delegated powers: in May 2007 the scheme of delegation was widened and now covers local strategic direction, delegated responsibility for local service budgets, performance

### Exhibit 3

#### Political structure of Dumfries & Galloway Council



Source: Dumfries & Galloway Council, 2008

reporting of services delivered at a local level, local planning decisions, and local community planning. The area committees also have responsibility for the Community Learning and Development Fund and Village Hall Improvement funding.

**27.** The council exercises its role as the police authority and the fire authority through the Police, Fire and Rescue Committee. The committee has a wide remit, covering consultation with the local community on police and fire matters, Public Performance Reporting (PPR) for police and fire, monitoring best value and continuous improvement activities and civil contingency and emergency planning. Until the revisions to committees in October 2008, it was also involved in community safety.

**28.** Emergency planning in Dumfries and Galloway is managed by the Strategic Coordinating Group, which draws key organisations together. It is chaired by the council's chief executive, however, in times of emergency, it is chaired by the most appropriate chief officer: the council's chief executive, the chief constable or the chief executive of NHS Dumfries and Galloway. The group has a major emergency scheme that has developed after the area's experience of the Lockerbie air disaster and was put to good use in the Foot and Mouth epidemic in 2001. The scheme is based on a multi-agency partnership, coordinated by the council.

#### Organisational structure

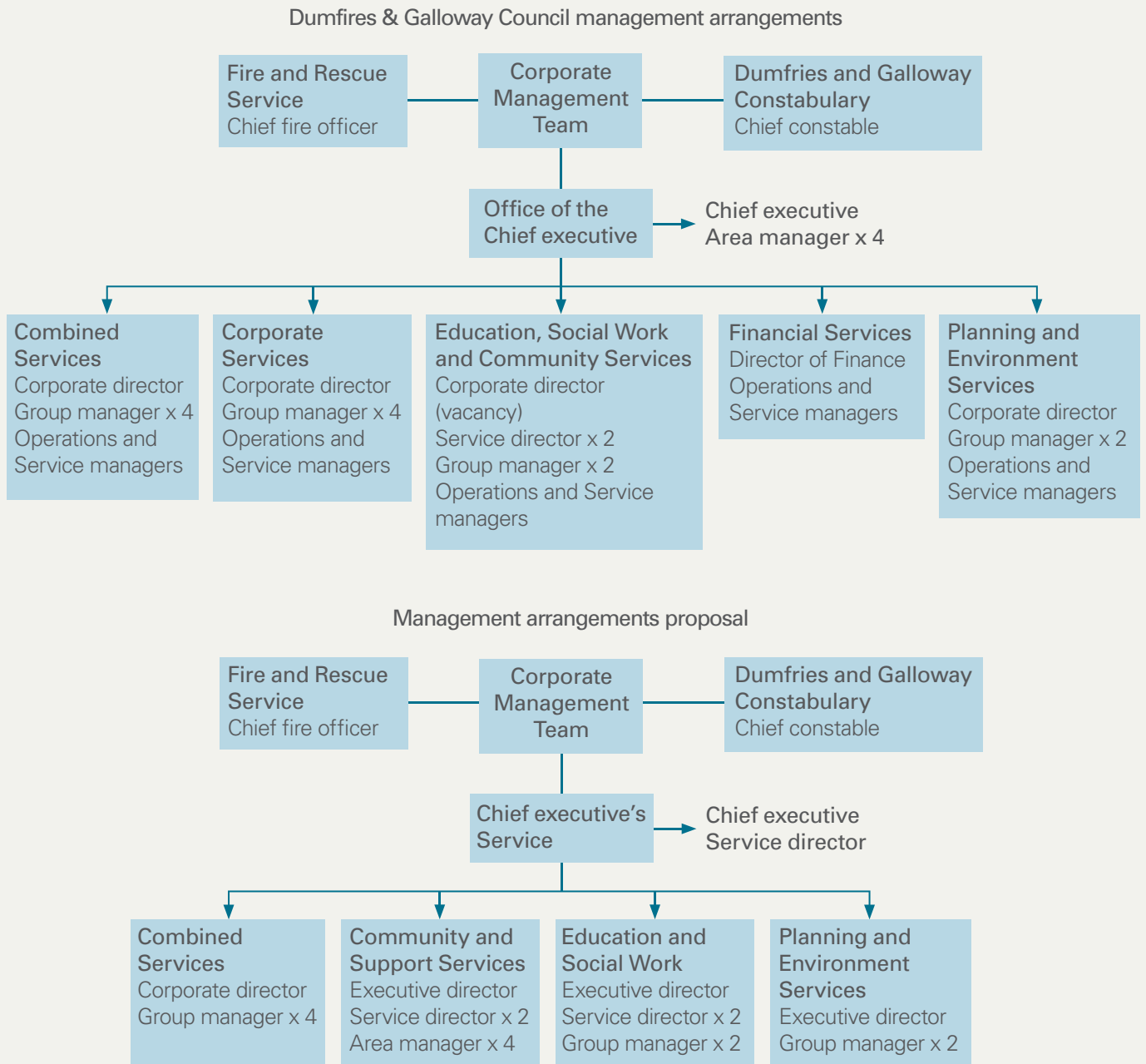
**29.** The council's organisational structure is set out in Exhibit 4. The council is making some changes to its organisational structure, to reduce the number of departments to four (combined services, community and support services, education and social work, and planning and environment services) and to rationalise the management structure by removing the group manager posts.

**30.** The Corporate Management Team (CMT) currently consists of the chief executive, one executive director, two corporate directors, five service directors, the Section 95 Officer, the chief constable and the chief fire officer. The post of executive director education and social work is currently being held vacant. The council restructured education and social work services in order to strengthen management and leadership of social work services following a critical inspection; during 2007 it appointed two new service directors, for schools and for social work services, who are both members of CMT. Combined Services provides cleansing services, roads maintenance, grounds maintenance, building services, design services, facilities management, public conveniences and care and support services.

**31.** Each of the four areas has an area manager and an area management team which consists of representatives of all services operating within the local area and from the two central departments of Community and Support Services (support services section) and Chief executive's Service. The council no longer has a dedicated community planning officer; this role is now absorbed into that of the corporate and community planning manager in the Chief executive's Service.

**Exhibit 4**

Current and proposed managerial structures in Dumfries & Galloway Council



Source: Dumfries & Galloway Council, 2008

## Leadership and culture

The council provides good community leadership, particularly at local area level, and it works well in partnership. It has successfully delivered several major projects. However, it has lacked clear leadership of best value and has not succeeded in fostering a culture of continuous improvement in services. Political leadership has not provided sufficient strategic direction and senior managers have not provided clarity or coordination in the delivery of corporate objectives. Little attention has been paid at corporate level to staff morale or continuous improvement. The council is beginning to address its weaknesses but it is moving to different ways of working without sufficient understanding or agreement on what this means in practice.

**32.** The council has provided good community leadership at local area level for some years. The area working model, introduced in 2003, is framed around clear principles and has supported the development of a strong culture of community focus in the four areas. There is effective local area partnership working and good engagement of councillors and officers at area committees, which have sufficient local autonomy to be able to reflect the different characteristics of the four areas.

**33.** At regional level, the council works well with partners and has shown good leadership in the development of the SOA. Partners recognise the leading role that the council has played in the development of the SOA, against tight timescales, and the work it is doing to develop the SOA further. The SOA has provided a new focus. The council and its partners have developed a commonality of purpose which is now informing underlying plans, such as the council's corporate plan.

**34.** The council has delivered some major projects and developments for

the benefit of the region. Its ability to work well in partnership with other organisations is demonstrated by some major projects in Dumfries and Galloway. Examples are the Eco Deco waste disposal plant (with the private sector), the DG One leisure centre (with local groups), the North West Resource Centre (with local residents), the Garden Hill Primary Care Centre (with the NHS) and the Pathfinder Broadband Project (with Scottish Borders Council). The chief executive has led personally on a number of major initiatives: the response to Foot and Mouth Disease, the transfer of the council's housing stock to a registered social landlord, the South of Scotland Broadband Project (with Scottish Borders Council) and the PFI for waste disposal. The deputy chief executive led the development and delivery of the DG One leisure centre.

**35.** Internally, there are good relationships between councillors and officers, characterised by respect and a good understanding of respective roles and responsibilities. Regular meetings between the leaders of all the political groups and the chief executive help to maintain a good dialogue and sharing of information between them.

**36.** The council has sound financial controls. At the end of 2007/08 it had a balance of £39.6 million on the General Fund, of which £30.7 million has been set aside to finance specific purposes. The council has maintained this balance against a history of maintaining low council tax levels. The council is aware of the potential need to draw on its reserve balances to fund future budget pressures.

**37.** However, the council lacks strategic focus and drive. Political leaders have not provided sufficient strategic direction and senior managers have not provided clarity or coordination in the delivery of corporate objectives. While area working and major projects are bringing benefits to local people, they are not the result of clear strategic direction for the

area. The council's political and managerial leadership have not driven change or generated a culture of continuous improvement across the council. Officer leadership has been preoccupied with dealing with financial pressures. Little attention has been paid to staff morale; the council has not carried out an all staff survey since 1999. There is no corporate culture of continuous improvement among managers and staff.

**38.** The chief executive has led the management of change since 2002 but this has largely focused on meeting budget challenges and restructuring the organisation, rather than on providing a clear vision for the organisation and working to achieve it. The Financial Efficiency Strategy (FES), which has been the focus of CMTs attention during the last two years, is not strategic. It is not linked to corporate aims and objectives and the council cannot demonstrate a full understanding of the impact of savings on service delivery. The emphasis on financial savings has been to the detriment of the establishment of key elements of best value, for example the development of workforce planning and of an up-to-date procurement strategy. At the same time, the council's leadership on the management of its resources during the last few years, particularly asset management, has been weak and has not placed it in a good position to deal with the financial challenges which lie ahead.

**39.** The absence of clear political and managerial direction means that the council is embarking on changes in the way it conducts its business which are not underpinned by sufficient understanding or agreement. At strategic level, the council has referred in officer and committee reports to its intention to move to a 'commissioning model' for its services, including for those provided in-house, but it has not defined what this means and there has been no formal agreement by councillors on a commissioning model to be used across the council. At



operational level, it is implementing a performance management system without embedding an understanding of performance management across the council. These are significant risks for the council, particularly in the absence of a strong corporate culture.

**40.** The council has been aware of its corporate weaknesses for some time but has been slow to take action to remedy them. CMT discussed the gaps in strategic leadership and arrangements as long ago as 2003 and Scrutiny Committee discussed the weaknesses in performance management in late 2007. At corporate level, the council has not proactively sought improvement, but has reacted to poor performance in specific services when it has been identified by external assessment, for example, for social work and homelessness services. As a result, efforts to modernise and to improve services have been fragmented. Some services, for example, planning and environment and schools services, have introduced more modern ways of working, but there is little consistency in the way the council works.

**41.** There are indications of some positive steps to improve leadership and culture. Political leadership is now more aware of the need to set a corporate strategic direction and to develop a more policy-led approach. In 2008, CMT commissioned a further review in response to the awareness of some senior officers of the need for modernisation and support for improvement. This review (the 'Strategic Level Assessment') identified significant weaknesses in strategic direction and in the building blocks of best value. The council has developed an action plan with responsibilities and time frames for implementing the assessment's recommendations for clearer leadership, to link service and financial planning, and to improve strategic resource management. The Shared Services Diagnostic Project, part of a national initiative, has been well managed and offers opportunities in

the medium term to address some of the weaknesses in the council's management of resources. CMT is aware that it has not provided coherent leadership and is now looking to its own development, learning from good practice in one of the council's directorates. The new Business Transformation Unit is to take forward key building blocks of continuous improvement including performance improvement, the Strategic Management Framework (SMF) and business transformation including shared services.

### Setting a clear direction

The council and its partners demonstrate a strong commitment to achieving the vision and priorities set out in the SOA, but there is insufficient leadership and clarity on the strategic direction of the council. The council's SMF is ineffective and progress in developing a fully integrated approach to strategic and financial planning has been slow. There are some indications that a better approach to strategic planning is emerging.

**42.** The council has a clear and ambitious vision for its area that is widely shared by partners. The vision is 'to make Dumfries and Galloway the best place to live, learn, work, visit and grow'. The council has reinforced the vision statement by referring to it in key plans and strategies.

**43.** The council is demonstrating good leadership and promoting partnership working in relation to the SOA. It led a well-structured process in the development of the SOA which encouraged the involvement of partners. The development of the SOA placed a strong emphasis on the local context and the way local partners work together. The SOA has a significant profile with the council and its partners and is currently seen as the key driver for their planning and action.

**44.** The Community Planning Joint Board (CPJB) adopted a 2020 Vision in September 2007 and the development of the SOA introduced a new set of priorities for the delivery of the vision. These priorities are fully supported by the partners and will be the priorities of the new community plan, to be launched in 2009. The partners' new priorities are aligned to the national priorities, allowing a close fit between national and local strategy and funding. The priorities are:

- wealthier and fairer
- healthier
- safer and stronger
- smarter
- greener.

**45.** The council's Corporate Plan 2007–11 (adopted in 2008) is framed around the same priorities as the SOA. The council's SMF is intended to guide all of its strategic and service planning from top-level priorities to the front line. It includes the hierarchy of plans which form the performance management framework: the community plan, corporate plan, strategic service plans and operational plans. It outlines seven activities that should be integrated and implemented throughout the year: community planning, corporate planning, service planning, service delivery, service review, performance reporting and budget planning. It includes a performance management framework ([Exhibit 5](#)), [overleaf](#).

**46.** However, the SMF is ineffective. It is not applied consistently by services and it is not supported by operational asset management plans, workforce planning, integrated financial and service planning or performance management. Significantly, the council's strong commitment to area working is not reflected in the SMF which has no reference to the status and role that the four area plans play in the overall planning framework. The council does not have an integrated

## Exhibit 5

### Performance management framework

As agreed by Scrutiny Committee, 4 September 2007, 'The Golden Thread'.

Plan	Decision making body and performance review
Community plan	Community Planning Joint Board
Corporate plan	Full Council, Policy Committee and Scrutiny Committee
Strategic plans Other statutory plans	Service committees, CMT and Senior Management Appraisal Scheme
Operational plans/ service visions	Headline information to Service committees, CMT and Senior Management Appraisal Scheme
Team plans	Operational management and Employee Development Scheme
Individual plans	Team management and Employee Development Scheme

Source: Dumfries & Galloway Council, 2008

## Exhibit 6

### Affordable housing challenge day

The council held an affordable housing challenge day on 20 June 2008. Attendees included 13 councillors, senior council officers and a representative from the private housebuilding industry.

The day included presentations outlining the strategic housing context, the council's strategic enabling role and key issues concerning the Local Housing Strategy, the affordable housing policy and links with development and planning. The private housebuilding representative gave details on the current housing market context for Dumfries and Galloway. Discussion centred on the operation of current policy, future policy opportunities and opportunities to influence the national policy position. A number of points emerged from the day. These points included:

- The need for a dedicated Housing Committee/Subcommittee.
- To consider the opportunities to lobby through the Convention of Scottish Local Authorities (COSLA) and directly with the Scottish Government on housing matters.
- To recognise the key role of the new Local Development Plan in developing a new Affordable Housing Policy, to be underpinned by evidence from the Strategic Housing Needs and Market Assessment and the Local Housing Strategy.
- To recognise the key role of the Local Housing Forum in engaging with partners to deliver more affordable housing.

The challenge day discussions and proposals were reported to the Planning, Housing and Environment Committee, which agreed to establish a Housing Subcommittee and a Local Housing Forum.

Source: Dumfries & Galloway Council and Audit Scotland, 2008

and informed approach to business planning.

**47.** The council is improving its approach to the strategic planning of its services by making progress in integrating service and financial planning, and taking a more inclusive approach to the development of directorates' strategic plans through the involvement of councillors. In 2008, it introduced 'challenge days' that are providing opportunities for councillors to engage in planning, policymaking and setting the direction for the council and its services. Challenge days held so far include affordable housing ([Exhibit 6](#)), the schools estate, homelessness and the governance of policing. They involve councillors and officers, and can involve partners.

## Openness and accountability

### Community engagement

The council engages well with local communities but lacks a coordinated approach to ensure the best use of its resources. The area committee structures support good community interaction with the council at a local level. The council has a good range of approaches for engaging with different population groups and with groups which are sometimes excluded or disadvantaged. Individual council services demonstrate some good practice in consulting and involving local communities.

**48.** Councillors and senior officers are placing increasing emphasis on promoting community involvement and consultation in the way that the council conducts its business. The council engages well with local communities through the area committees and area management teams and there is good accountability for action at local area level. Public forums are held immediately before formal area committee meetings to allow members of the public to make representations or ask questions of

the committee. Some areas also hold 'Ward Forums' which are a good way of encouraging greater community engagement with councillors. The council's support for the Local Rural Partnerships (LRPs) in its four management areas is important in ensuring that local communities are engaged and involved in shaping the delivery of local services.

**49.** The council sets out its corporate approach to community engagement in its Public Involvement Strategy but this is not fully effective in practice. In October 2007, the council agreed a Public Involvement Action Plan that outlines a clear approach to public involvement and community engagement, listing 28 actions across four main areas of work; responsiveness, communication, accountability and building capacity. It has also developed the *Managing Better Consultation: A Good Practice Guide*. However, it has not fully implemented these or used them to their full potential to embed a consistent approach to community engagement. This has led to the council taking a reactive approach to particular consultation projects rather than being systematic and coordinated. There is some good practice in consultation within services ([Exhibit 7, overleaf](#)) but this is not shared or applied consistently across the council.

**50.** A partnership approach to community engagement is developing. Individual partners currently take forward engagement mainly in isolation but they have work under way to develop their joint approach to consultation, especially in relation to the community plan. The council has also recently signed up to a Compact; a partnership agreement between the voluntary, community and public sector organisations in Dumfries and Galloway. There was an inclusive approach to the development of, and consultation on, the Compact. The council and the NHS are creating a jointly funded post of public involvement coordinator. Xchange, a public involvement network that is

used as a citizen's panel, is also jointly funded.

**51.** The council has a good range of approaches in place for engaging with different population groups and with groups which are sometimes excluded or disadvantaged. These include the Youth Strategy Executive Group, the Elderly Forum, Age Concern and the recently established Older People's Consultative Group, the Dumfries and Galloway Multicultural Association, the D&G Inter-Faith Group, the Dumfries and Galloway International Women's Group, the Lesbian Gay Bisexual and Transgender Equality Forum, the Disability Access Panel and the Coalition for Disabled People.

**52.** The council provides financial support for community and voluntary organisations. It provides a Third Sector Strategic Budget, a Village Hall Improvement Scheme and administration grants to 92 community councils. Area committees allocate grant budgets; applications for the grants need to demonstrate what aspect of the local community plans or the strategic plans they meet. The area management awards for 2008/09 totalled £921,340, disbursed on the basis of agreed and published criteria for each area committee. The budgets have been useful to assist local groups in undertaking local community activity, as well as assisting in prioritising and funding additional local council services.

#### Public performance reporting

The council does not report effectively to the public on its performance. Its approach to PPR is mainly focused on the twice-yearly *Broadcast* magazine which is issued to every household. This is not systematic or balanced in reporting against the council's corporate objectives. The council's performance reports to its own committees are similarly not complete or balanced.

**53.** The *Broadcast* magazine, sent out to all households within Dumfries and Galloway twice a year, is the main way in which the council provides information to its residents. The magazine is a useful, user-friendly medium for communicating with residents and the council's intention is to use the *Broadcast* magazine to inform residents of progress in achieving the corporate plan objectives. However, the magazines contain only limited information on how the council is performing, including performance against SPIs, rather than complete and balanced reports on progress against the corporate objectives. The council's poor performance management means that it does not have the information needed for balanced and systematic PPR.

**54.** Performance reporting has also been insufficient at partnership level. The CPJB has had a Community Planning Performance Management Framework with 18 performance indicators covering such areas as resources, partnership process and improvement, but the indicators have been out of date and have lacked targets. The CPJB has for several years published an annual report on community planning but this has not been balanced and the performance measures used have not provided good coverage of community planning activity and targets. The CPJB has recently agreed to use the SOA as the basis for its performance management arrangements.

**55.** The council's website provides committee agendas and reports online. However, there can be a delay of several months before minutes detailing committee decisions appear on the website.

## Exhibit 7

### Examples of good consultation by the council's services

#### Antisocial Behaviour Strategy (ASBS)

There was comprehensive consultation with key organisations and community groups. Consultation on the draft ASBS involved the Strategy Development Working Group (which oversees the development of antisocial behaviour strategy), members of the four LRPs, the policy support officers for the three Community Planning Thematic Forums (Safe and Healthy Communities, Inclusive Communities, and Enterprising and Learning Communities); and the Dumfries and Galloway Youth Issues Unit. The Xchange Network was used for consultation on the draft strategy. In addition, the draft ASBS was submitted to the council's Corporate Policy Committee, the Police, Fire and Rescue Committee and area committees, and was sent to Registered Social Landlords (RSLs) for consultation. A press release was issued advising members of the public that the strategy was out for consultation and available either electronically or in hard copy. Members of the public were invited to submit their comments either electronically or to a Freepost address. The comments received have been used to support the development of this strategy.

#### Portpatrick flood prevention scheme

This showed a good approach to local public consultation and good public relations. This was essential as the project required work on the only road into the village and also in private gardens.

#### Post office closures

This was an example of a planned approach to consultation on a national issue that has an important rural dimension. The council used an article in the local paper to consult the public on post office closures. The public were asked to tell the council what they thought about radical changes to postal services in Dumfries and Galloway and were invited to attend the local area committees to air their views. The aim of the consultation was to gather the feelings of the public before the council sent off its own response to the post office plans.

#### Local Housing Strategy (LHS)

The council took an inclusive approach to the development of the LHS through the involvement of key local organisations. The groups involved included the Scottish Landowners Federation, the Elderly Forum, the Federation of Councils for Voluntary Services, the Coalition of Disabled People and Shelter.

#### Neighbourhood Renewal Masterplan

Emphasis was given to community engagement in developing the Neighbourhood Renewal Masterplan and a commitment was given to ongoing engagement with, and support for, communities. Various methods of consultation were used to get community views in the north west Dumfries regeneration area that included a survey of tenants and owners, workshops of local organisations and groups, and open events held to enable local communities to see the Dumfries and Galloway Housing Partnership's outline plans. For the Stranraer Regeneration plans there was good community engagement in the design and development of the area through a household survey and participatory appraisal and interviews with a sample of 100 tenants.

#### Inspector8

This is a project that gets young people involved in the shaping and delivery of services that affect them. The project was established in 2006 and has since then recruited 50 young people as inspectors and undertaken a number of inspections of Dumfries & Galloway Council services. Participants in the project have developed a framework around which inspections are undertaken and have published reports on the findings of the inspections undertaken to date. The inspection findings have resulted in a number of improvements being made to services. The project was awarded a COSLA Excellence bronze award.

## Decision-making and scrutiny

Councillors engage in constructive debate, but committee remits have not always been clear or understood by councillors. The council has recently implemented improvements to its committee system with the aim of addressing these issues. The scrutiny function is not performed effectively or efficiently. Councillors' scrutiny of performance is limited in part by the lack of effective performance management, which means they do not have the information they need to challenge and improve performance.

**56.** Councillors are committed to their roles and there is a good level of engagement and debate at committees; discussions are focused on council services and are constructive for the most part. Administration and opposition councillors demonstrate a will to work together positively on key issues for Dumfries and Galloway.

**57.** The council has taken recent action to improve governance arrangements because the committee system has not always worked well; it is too soon to see the impact of these changes. A 2008 survey of councillors, to which over half responded, indicated that a significant proportion (some 40 per cent) believed opportunities for scrutiny were limited, and that the political structures did not always support effective scrutiny (26 per cent). Councillors have sometimes been overwhelmed by large volumes of reports: some 365 agendas, minutes and reports were processed through the committee system in the month of June 2008 alone. The inter-relationships between committees have meant that some reports have had to be considered at several committees and decision-making has lacked transparency as a result. Tensions have also occurred between service committees and area committees, for example, on planning decisions. The remit of the Scrutiny

Committee has not been clear to all of its members.

**58.** The main changes introduced by the council in October 2008 were:

- The membership of committees and frequency of meetings are being reduced to make the committee workload more manageable by allowing officers more time to prepare fuller reports, reducing the need for follow-on and progress reports.
- The delegated powers of the Policy, Resources and Education Committees are being increased to reduce the need for reports to go to multiple or special committees, and Education Committee is assuming responsibility for the Integrated Children's Plan.
- The remit for overseeing governance (the council's adherence to its statutory obligations and codes of conduct) is transferring to the Corporate Policy Committee.
- Governance and Audit Committee is to become the Audit and Risk Management Committee to strengthen its focus on risk management.
- A Community Health and Social Care Partnership Board has been established with equal representation from councillors, NHS non-executive board members and senior council and NHS managers to provide a governance structure for joint care services in community care; this board met for the first time in July 2008.

**59.** The scrutiny function is not performed effectively and efficiently. Until recently the Scrutiny Committee has not had powers to challenge the council's policy and decisions, although it has had a remit to scrutinise the extent to which the council achieves its policy objectives; the committee's remit was revised

in July 2008 to include review of decisions. There is some confusion about the scrutiny function: it takes place at Scrutiny Committee, at service committees and at area committees without clarity on what the scrutiny role is and where it resides. Councillors' scrutiny of performance suffers from the lack of effective performance management by the council. The ability of members to scrutinise decisions is largely dependent on the quality of reports to committee, but the quality of reports varies, with some reports being too long, or lacking in important detail.

**60.** The council does not have an overall training plan for councillors, but there is a range of training available to them, including induction and mandatory training for statutory committees such as licensing. The council aimed to have personal development plans in place for all councillors by the end of 2008 but by August 2008 only a third had these. The plans are identifying training needs in areas such as scrutiny and performance management. Councillors are generally satisfied with the training they receive and the council has acted on feedback requesting more hands-on training rather than seminars.

# Part 2. Is the council organised to deliver better services?



The council leads community planning well at regional and area levels. Joint working is productive, but there is room for improvement in the working relationship between the council and the sizeable third sector.

While some services have arrangements in place for supporting improvement, there are significant weaknesses in the council's corporate approach to best value and continuous improvement. Performance management is poor and there is no corporate culture of performance management for service improvement. The processes for risk management and asset management and corporate arrangements for people management are poor or underdeveloped. Councillors and officers do not do enough to ensure the competitiveness of the council's services. Operational control of budgets is sound, but the council is facing significant financial challenges with insufficient links between service and financial planning to help it to deal with them.

The absence of a corporate, coordinated and embedded approach is apparent in other ways. The council is providing good support to local groups which represent minority communities, but equalities and diversity are not embedded across the council's operations. It has some innovative practice in sustainable waste management and transportation, but sustainability is not an integral part of service planning and delivery across the council. It provides good face-to-face customer service at an area management level, but customer service is not coordinated across the council's services.

### Working with partners

The council demonstrates a strong commitment to joint working and takes a good lead in community planning at regional and area levels. Joint working is productive, but there is room for improvement in the working relationship between the council and the sizeable third sector and in the involvement of local community planning partners in strategic planning.

### Community planning

**61.** The council's strong commitment to joint working manifests itself through its work in community planning and it is heavily represented in community planning structures and other regional forums. The CPJB consists of the council's five political group leaders, the chief executive, the chief constable and representatives from Dumfries and Galloway NHS, Scottish Enterprise, Regional Transport Partnership, and the voluntary and private sectors; it is chaired by the leader of the council.

**62.** Community planning has taken some time to become re-established following changes to its regional-level structures in 2006. The former CPP was disbanded in August 2006, along with its theme forums, following decisions taken by the CPP and the then Joint Board's decision to expand its membership to include representation of the third sector. In practice, the structures that were put in place in 2006 diminished the input of the third sector and other key non-statutory partners including Scottish National Heritage, Forestry Commission, tourism and further education representatives. This has led to some frustration about community planning at regional level and to a view that the current community planning structures do not help good information exchange between the local level and strategic level.

**63.** The structures and communications arrangements were therefore revised in summer 2008. The updated remits, memberships

and operating arrangements for regional and local structures provide for increased involvement of the third and private sectors and more participative agendas; the CPP has been re-established as a virtual network and mailing list to provide wider formal communications with stakeholders; the links between LRPs, the CPJB, working groups and the Joint Management Team have been re-established. A communications strategy and action plan has been agreed.

**64.** Community planning is well managed at local area level. Area managers are responsible for the delivery of local community plans, which feed into the regional community plan. Some local community planning initiatives have produced good results for local residents. However, local area community planning organisations are not sufficiently engaged in strategic planning at regional or area levels, although they provide regular updates to the CPJB and area committees.

**65.** Through the police and fire services, the Police, Fire and Rescue Committee is involved in community planning. Both chief officers are members of the CPJB, and the chief constable chairs the 'safer and stronger' theme group for the SOA. There is substantial evidence of the involvement of police and fire services in local partnerships, at community planning and service delivery levels, with initiatives and performance reported to area committees.

### Joint working

**66.** The council places a great emphasis on the importance of joint working. Common boundaries facilitate and contribute to partnership working and have generated some natural partnerships, especially with the police and fire and rescue services and the NHS. Joint working continues to develop: the recently formed Community Health and Social Care Partnership Board formalises governance arrangements and is progressing a joint working

approach for health and social care for community care groups. The Community Safety Partnership has been re-established. There is good partnership working across a range of activities and the council has received external recognition for its joint working initiatives (Exhibit 8).

**67.** There is room for improvement and better understanding between the council and the third sector in Dumfries and Galloway. There are a large number of voluntary and community organisations (about 2,000) in the region and the lack of a coordinated and structured approach to managing relationships with the sector lessens the ability of the groups to work in an effective way. The new Compact is designed to improve this situation.

**68.** The council has a good partnership approach to working with the police and fire services. The chief fire officer and the chief constable are both full members of the council's CMT, and as such both play a full role in cross-council matters. They both have a close working relationship with the chief executive that is characterised by mutual respect.

**69.** There is strong partnership working in community safety between the council, police and fire services and other organisations. The partners are flexible in their approach and work well together. The Community Safety Partnership works closely with the area crime reduction panels. There is a clear multi-agency planning framework for drugs and alcohol work, with links to area committees and local plans.

### Area working

The council provides good leadership and support to area working, which is valued within the four areas. Area working is based on clear principles and area committees have considerable delegated powers. The council continues to develop the way that its services are delivered

## Exhibit 8

### Examples of productive joint working

- Effective partnership working with a range of agencies for schools services.
- Good partnership working with the NHS (Exhibit 20) including the joint development of the electronic Single Shared Assessment and Care Management system for older people and adults with a physical disability.
- Partnership working to provide services to homeless people.
- Joint working with external agencies in the provision of customer services, including Job Centre Plus in the Customer Service Centre (CSC) in Castle Douglas, the Passport Office in the Wigtown CSC; the Annan CSC provides facilities for community groups.
- Partnership working in the delivery of the council's strategic housing role: its Affordable Housing Challenge Day involved housing partners, it has contributed to training days for the Dumfries and Galloway Housing Partnership Board, it works with social landlords to deliver the Neighbourhood Renewal Masterplan and it is establishing a Local Housing Forum.
- Partnership working for community safety: innovative work involving a number of partners, provides tuition to improve the driving skills of young drivers as an alternative to imprisonment or fines for driving offences; there is good collaborative work on the prevention of home fires; the Noise Nuisance Team combines police and council resources; and there is close collaboration with the council's neighbourhood warden service in community safety work.
- Broadband Pathfinder project: the council, Scottish Borders Council and a technology partner have completed a £32 million South of Scotland Pathfinder broadband project. The project was led by the council. It has enabled the introduction of a modern communications network across the South of Scotland. Schools have been at the forefront of the improvements, which include e-learning and video-conferencing. Planned benefits to the council include faster communications, more resilience and improved internet access for library users.

Source: Audit Scotland, 2008

at area level. There is still some inconsistency of policy and service delivery between the areas, but the council is addressing this through a strengthening of working arrangements between areas and their links with the corporate centre of the council.

**70.** The council is continuing to develop its area committee and area management arrangements. 'Local decision-making and service delivery' is one of its corporate values and it has made good progress. The area structures have an important part to

play in the council's engagement with local communities and promotion of local democracy. The Scheme of Decentralisation was initially established in 1995 and was reviewed in autumn 2006 with the aim of increasing delegations. However, the council is not clear about the relationship between region-wide and area-based delivery of all of its services.

**71.** The area structure is based on area committees, area management teams and some devolved services. The council also encourages community engagement at a local level through



its support of LRPs and Community Councils. Key partners, including the police and fire services and NHS, operate to the same area structure, which means that there is a good local presence for the main service providers in the area and excellent opportunities for partnership working.

**72.** Area committees have considerable delegated powers: in May 2007, the scheme of delegation was widened to cover local strategic direction, delegated responsibility for local service budgets, performance reporting of services delivered at a local level, local planning decisions and local community planning. Councillors regard the area committees as having a key role in ensuring services are delivered in a way that suits their local areas.

**73.** Area managers play a key role in both local community planning and area management ([Exhibit 9](#)). Each area management team has an area work plan which provides the framework for delivering local services. Combined services directorate also has a work plan for each of the four areas. The council's management restructure, along with service restructures in education and social work, aims to provide more opportunities for improved working relationships at a local level including a clearer definition of area service delivery in the future, and the role of area management.

**74.** At operational level, area working is continuing to develop. Most services are now encouraging wider attendance at area management teams and dedicating more resources to support area working, and are providing locality-based managers, including area regeneration officers, for each of the four areas. While in practice there is some inconsistency in policy and procedures between areas, good progress is being made in promoting consistency of service delivery between areas, including a tight management structure and reporting back through service directors. Four different grounds

### Exhibit 9 Area working

The council's Area Management Framework was developed in 2004, setting out the basis and aims for area management. The principal responsibilities of area managers are:

- monitoring and adapting local services through working with local managers and the community and reporting to area committees
- managing front-line customer services through the continued improvement of service delivery at customer service offices
- local area committee development in order to facilitate greater decentralised decision-making and service delivery
- developing community planning at a local level including the development of area community plans.

Source: Dumfries & Galloway Council, 2004

maintenance specifications, one for each area, have now been brought together in one specification. There are positive relations between area and group managers, who meet monthly.

### Performance management

Performance management is poor. There is little political or senior management leadership on performance management and there is no corporate culture of continuous improvement. Performance reporting is also weak.

**75.** The council has a basic Performance Management Framework (PMF), supported by good service planning guidance, but performance management is poor. The council has not yet developed a concise and objective overview of performance to include clear targets and performance measures. It does not effectively monitor, manage or report on significant elements of its services or set targets for improving its performance.

**76.** Neither the PMF nor the service planning guidance is applied consistently or thoroughly. The council sets out clearly in its service planning guidance that performance should be a key part of the service planning process, that the council has adopted

the balanced scorecard approach to performance management and that setting service improvement targets for operational service delivery is a key element of service planning. There is no evidence that these approaches have been adopted by services.

**77.** CMT has given insufficient attention to performance management and continuous improvement although performance management was identified as a significant corporate risk as long ago as 2003. The lack of a performance management culture was still being reported as a key corporate risk in 2008. The council has put a dedicated team in place to support improvement, but this team has been focused on the implementation of the software system rather than the development of an understanding of performance management and compliance with the corporate framework.

**78.** There is little political leadership on performance management and a lack of clarity about councillors' responsibilities for scrutinising performance. The council has not defined the respective roles of the Scrutiny Committee, the service committees or the area committees in performance management.

The Scrutiny Committee does not scrutinise performance across council services apart from noting SPI performance.

**79.** The nature of performance reporting does not aid scrutiny of, or challenge to, performance. Reporting of service performance has been limited; for some services it is intermittent. Planning and environmental services directorate provides a quarterly service plan update and social work services reports regularly to its improvement board, but other major service areas are not reported on a regular basis. Reports are of variable quality and often obscure the performance issues, describing achievements and the financial aspects of performance monitoring rather than providing a candid appraisal of performance. For example, the final report for the 2003–07 corporate plan, reported to full council in April 2007, highlighted key successes achieved over the four-year period, but did not identify what still needed to be achieved. The council uses 'Briefcase', its electronic information site for councillors, to provide performance information to members; this form of reporting does not permit debate and challenge and does not allow councillors to hold officers to account.

**80.** The council is relying on the implementation of an electronic performance management system to resolve these problems. However, despite being first installed over two years ago, the system is not populated with appropriate data and most officers and councillors are not able to use it effectively. Some managers are currently using two performance management systems. The council does not appreciate that there must be a good performance management culture and understanding of performance management before an electronic system can work.

**81.** There has been some performance appraisal of senior officers but this has been limited by the absence of robust performance information. Councillors have not held the chief executive and CMT to account for the management and delivery of the SMF, but they have carried out performance appraisal of the chief executive. In 2008, this appraisal was against the delivery of three major projects (one internal and two external to the council), rather than against council objectives. Accountability at senior officer level for the delivery of corporate objectives is therefore incomplete.

**82.** The council recognises that it must improve performance management. A report to Scrutiny Committee in December 2007 described the inconsistencies and gaps in the council's performance management arrangements; the committee agreed an improvement plan to address the weaknesses. The council's Strategic Level Assessment in March 2008 identified the development of a comprehensive performance management system and a culture of continuous improvement as immediate priorities. The assessment also recommended that the council improves its use of the SMF and the PMF. At the time of this audit, in August 2008, little progress had been made on any of these issues.

**83.** Performance is better managed by the Police, Fire and Rescue Committee, which receives very regular and thorough reports from the two services. Quarterly reports provide members with a succinct overview of performance information, including customer satisfaction, with comparative figures against a three-year average.

## Managing resources

The council does not manage its resources effectively to deliver best value and continuous improvement. Its approaches to managing risk, asset management and corporate workforce planning and management are all poor or underdeveloped. The council's arrangements to ensure competitiveness are insufficient and there is a lack of scrutiny and challenge to the performance of the council's STOs by councillors. The council faces significant financial challenges and it is not planning ahead to fund significant cost pressures.

## Risk management

The council's current arrangements for managing risk are weak. Progress in developing sound arrangements has been slow and the recent focus of the council has been on the development of risk management strategies.

**84.** An up-to-date corporate risk register does not exist and in most cases risk registers are not in place covering service-level risks. Risk management is not yet embedded in the council's approach to strategic planning although improvements are starting to be made. Councillors are not receiving monitoring reports on how the council is managing its major risks or on business continuity risks and have had very little involvement in monitoring risks more generally. The council does not yet have a corporate business continuity plan in place.

**85.** The latest version of the corporate risk register dates back to October 2006, but this is only a listing of the top corporate risks and does not include a time-bound action plan for mitigating, monitoring and updating risks. It is therefore impossible to monitor progress in addressing the identified risks. In 2008/09, service plans included a list of prioritised risks for the first time. While this is a step in the right direction, these lists are

not fully functioning risk registers because mitigating actions and timescales by which the risks should be addressed have not been agreed.

**86.** The council does provide an assessment of risk as part of every report that goes to committee. In addition, risk issues are considered on an individual basis as part of any significant council project, for example, major capital projects such as the Schools PPP and the construction of the new DG One leisure centre.

### Asset management

There are considerable challenges facing the council in ensuring best value in the use of its assets, but there is no overall strategic approach to asset management.

**87.** The development of the council's asset management plans has been a protracted process and while the council has an agreed policy and procedures for the acquisition and disposal of council property, a corporate asset management strategy has not yet been developed. The absence of operational asset management plans prevents a fully coordinated approach to service planning; for example, the lack of a corporate asset strategy means that decisions made by area committees on the sale of land and property are not informed by, and may not be contributing to, the council's overall priorities and objectives.

**88.** The council currently has four asset management plans covering office estate, industrial estate, community estate and schools estate ([Exhibit 10](#)), but these are not translated into action plans. Apart from the schools estate asset management plan, these plans have not yet been approved by members. This approval has now been outstanding since 2006. There may be insufficient officer capacity to take forward the plans, including the completion of property condition surveys.

## Exhibit 10

### Urgent pressures on the council's assets

There are significant pressures highlighted as part of the draft asset management plans. Priority areas include:

- **Office Estate:** 31 per cent of council offices are deemed to impede service delivery and the complex and confusing council offices within Dumfries town centre are unsuitable for customers wishing to access services. The council's aim is to reduce office space by 25 per cent within the next ten years and funding is required to allow a programme of property condition surveys to be completed.
- **Industrial Estate:** 70 per cent of the council's industrial estate is made up from economic regeneration assets such as land and lettable units. While a desktop exercise has been carried out, a proper condition survey of the estate has not yet been done. In addition, the usage of accommodation has not been measured and access audits have not been done. It has now been over 18 months since councillors were first asked to consider the future of the council's commercial industrial estate and a decision should be finalised as a matter of priority.
- **Community Estate:** to respond to need, the council must increase its homelessness temporary accommodation threefold by 2012 but it has recognised that continuing to operate its current number of community facilities is unsustainable in the light of current financial constraints.
- **Schools Estate:** 77 schools or approximately 60 per cent of all schools currently fall below the basic Smarter Schools standard. There are currently no plans to improve these schools as part of the Schools PPP or the council's initial five-year investment programme; the council has not yet identified the required levels of investment or the funding sources.

Source: Audit Scotland and Dumfries & Galloway Council, 2008

**89.** The need for budget savings has meant that resources have been prioritised to front-line services. This has resulted in a significant backlog in maintenance repairs for the council's assets. The council does not have up-to-date condition surveys and so does not know how much investment is required to address the significant backlog in repair maintenance, or how much it will cost to improve its portfolio of property assets. Future investment is required in all areas of the council's asset portfolio, with the highest spend required on roads and the schools estate.

**90.** Progress against the schools estate management plan is regularly reported to councillors. A report in September 2008 put forward alternative models for the delivery of education within Dumfries and

recommended those which should be subject to further feasibility studies. A review of the schools estate is under way and the council envisages that the Dumfries Review will go some way to addressing the Inspection of Education Authorities (INEA) inspection recommendation to finalise plans for improving the schools estate. Reviewing the viability of small schools is a key issue for the council and one which will be challenging to address against the backdrop of limited finances and the Scottish Government's intention to bring forward legislation incorporating a presumption against rural closures.

**91.** The council's schools PPP contract reached financial close in January 2008 and construction has now started, with the first school due to open in August 2009. There

is an improvement programme for those schools not included in the PPP and deemed to be of highest priority by the council. However, the council does not yet know the level of investment needed to improve the remainder of the schools estate and there is an urgent need for a longer-term financial strategy to be prepared.

**92.** The council has progressed a number of projects in asset management. Examples include the agreement to develop social work delivery centres and the rationalisation and relocation of depots within combined services. Council approval has also been given in principle to a review of the community estate to identify any over or under provision of community facilities.

#### People management

Corporate arrangements for the effective and efficient management of the council's staff are currently underdeveloped. The council has been slow to develop a workforce strategy and plan, there is no effective change management and there are inconsistencies in human resource management across the council.

**93.** The council has recently drafted a high-level policy statement which outlines the council's aims and objectives for the management and future planning of its workforce. It is well set out, linked to corporate plan values and key themes and to continuous improvement. However, there have been considerable delays in introducing the workforce strategy and the council is not yet in a position to carry out workforce planning. Progress has been hindered by the demands on the limited resources of the HR section in taking forward equal pay and Single Status. The council envisages that the new integrated HR and payroll computer system will provide information on future staffing levels and skills gaps, which is necessary for the development of a workforce plan, but the system is still being developed after considerable

delays. The absence of workforce planning puts the council in a weak position when making budget savings: until recently the council built a target for vacancy savings into its revenue budgets but this was not based on knowledge of which staff are business critical.

**94.** The council has not carried out a council-wide staff survey since 1999 and so does not have a comprehensive analysis of staff morale, views or needs, but it has good relations with the trade unions. While there have been some surveys completed on an ad hoc basis in some services, there has been little feedback or follow up. There is no effective change management programme to respond to factors such as the potential impact on staff of the new Single Status pay and grading structures, the restructuring of the council and the continuing need for budget cuts. Staff have a good focus on the needs of service users but there is some frustration among some officers at the lack of progress on key corporate management and best value issues. The trade unions are engaged in the Single Status process and are represented on the project board for the development of shared services.

**95.** Sickness absence levels are generally higher than in most other councils in Scotland. In 2007/08, working days lost in the council worsened for all employees except for craft employees. For chief officers and employees the council lost 6.1 per cent of working days through sickness (compared to the Scottish average of 5.8 days), worsening from 5.9 per cent in 2006/07 and 5.3 per cent in 2005/06. The council's schools services are taking action to improve the sickness absence rate for teachers, which has improved from 2006/07 but is still significantly worse than the Scottish average.

**96.** The council's approach to people management is inconsistent. While a number of sections are accredited with the Investor in People award,

the standard of staff training and development differs across the council and HR policies are not always applied consistently. For example, the corporate appraisal scheme is applied to only a small proportion of staff, with different approaches being applied across most services. There is a comprehensive set of core management competencies to be addressed in managers' appraisals, but not all managers and staff are receiving regular performance development and appraisal meetings with their line managers. The imposition of budget cuts over the last few years has seen a reduction in training budgets, with some services having inadequate funds to allow the proper training and development of staff for service improvement. A Single Status pay and grading structure has not yet been agreed and is now awaiting clarification of complex legal issues regarding the notional pay protection element of the scheme.

#### Financial management

Operational control of budgets is sound, but the links between financial and service planning are insufficient and the council does not undertake longer-term financial planning. It faces significant financial challenges.

**97.** The council does not have a fully integrated approach to financial planning. Service plans do not link the allocation of resources to corporate objectives and priorities. However, there is a well-structured approach to reviewing budget pressures as part of the budget-setting process. The council's Officers' Scrutiny Panel has been tasked both with assessing budget pressures brought forward by services and reviewing the level of ongoing funding required for those projects formerly financed from ring-fenced monies. This means that in practice there is some link between financial and priority planning.

**98.** Capital planning is not integrated with service planning and there is sometimes insufficient provision

made for the revenue consequences of capital investment decisions. There has continued to be slippage against the council's capital programme, although on a reduced scale in 2007/08. Slippage of £6.628 million occurred in 2007/08; £1.185 million of this was due to delays in the completion of the DG One leisure complex which were outside the council's control, but there was £1.218 million slippage on Disability Discrimination Act compliance works.

**99.** Since 2006/07, the council has been working to its FES. The FES provides a framework for the council to manage its challenging financial savings targets and is made up of the following components:

- Controlling spend: this focuses on such issues as the control of budget variances, securing savings on procurement and improved performance management.
- Doing more with less: this mainly concerns the processes by which services are reviewed for budget pressures and savings.
- Business transformation: this relates to a programme of individual projects aimed at identifying efficiencies and securing improvements in services.
- Budget strategy: a strategy for addressing budget pressures against the delivery of budget savings.

**100.** At the end of 2007/08, the council held a general fund balance of £39.6 million, of which £30.7 million was earmarked for specific purposes, leaving an unallocated balance on its general fund of nearly £9 million. The continued delay in the implementation of Single Status has had the effect of temporarily bolstering available reserve funds and has decreased the impact of the trading deficits of the STOs.

### Exhibit 11

#### Future financial strains on the council's financial resources

- Single Status and equal pay costs.
- Budget pressures within social work, in particular within families and children's services.
- Budget pressures within homecare services.
- Future investment needs in property and roads.
- Reliance on general fund balances.
- Reliance on future capital receipts in the light of the current downturn in the property market.
- Increased pension costs and increases in energy and fuel costs.

Source: Audit Scotland, 2008

**101.** Since the introduction of the FES the council has had to secure challenging budget savings. It continues to operate in a climate of ongoing budget savings and limits on spending, with the 2008/09 budget based on a council tax freeze. Savings of £4.5 million have been built into the budget along with a contribution from general fund reserves of £4.4 million. While the council has medium-term plans to rebuild unallocated balances, there is a risk that there may be inadequate available reserves in the future to fund any unforeseen costs or cost pressures.

**102.** In common with other councils, the council is facing significant cost pressures (Exhibit 11). It is likely that the major part of the budget pressures will have to be financed from services' existing budgets. Estimates currently suggest that there is a need to secure future budget reductions in social work; this will be particularly challenging given current overspends, increases in demand and the council's commitment to an improvement programme following the social work inspectorate's inspection in 2006. As the council does not currently apply long-term financial planning, a number of these pressures are not being provided for in future budgets and there are risks over the future affordability of some cost pressures.

#### Competitiveness

The council's arrangements to ensure the competitiveness of its services are insufficient. The majority of its services are provided in-house but it is not comprehensively demonstrating their competitiveness and councillors are not scrutinising or challenging the performance of the council's STOs. The council is now moving to a 'commissioning model' without defining this or it being agreed by councillors.

**103.** There are four STOs: catering and cleaning service, cleansing and grounds maintenance service, roads maintenance service and property maintenance service.

**104.** The council has used a variety of techniques to test the competitiveness of its STOs (Exhibit 12, overleaf) but these are not complete or robust and are not supported by good performance information. Apart from financial monitoring, formal performance reports on the STOs are not submitted to councillors for review and challenge at committee meetings. In the absence of full competitive tendering, sound performance reporting and comprehensive best value service reviews are essential to demonstrate best value.

## Exhibit 12

### Competitiveness of STOs

The council follows a variety of approaches for assessing the competitiveness of the STOs. In general, this has not involved the wholesale competitive tendering of services, but includes such processes as:

- tendering for selective works in catering and roads
- benchmarking services against the Association for Public Service excellence (APSE) data
- comparing schedules of rates for roads maintenance with the NESI benchmarking group, a consortium of seven Scottish local authorities.

The building cleaning service was last formally market tested over ten years ago, with no substantial reviews since then. The current contract and specification are out of date. A best value review of the service is currently in progress.

Source: Audit Scotland, 2008

**105.** Apart from roads maintenance, the STOs have a poor track record of financial performance against the statutory break-even target. Cleansing and grounds maintenance and property maintenance have returned deficits in four of the last five years; catering and cleaning has made a deficit in three of the last five years. The catering and cleaning service has encountered exceptional additional costs over the last three years relating to equal pay costs. The net cumulative deficit for the council's STOs in 2007/08 was £1.333 million, with a cumulative net deficit over the last three years of £6.136 million. The scale of the trading deficits means that there is a significant risk that they will be unable to achieve the statutory break-even target over the next two years.

**106.** The council's STOs have a history of operating to old contracts and out-of-date specifications. Until August 2006, the grounds maintenance service operated with very old specifications and schedules of rates and separate contract specifications existed for each of the geographical areas across Dumfries and Galloway. A best value review of the cleansing services was carried out in 2006 which identified the need for a new contract specification and a review

of contract rates since these did not reflect the level of service carried out by the STO. The review also identified the need for the council to recognise demographic growth of new houses which was not included in the old contract. However, councillors did not take action to address this issue until December 2008, leaving the service operating with a specification which was considerably out of date requiring refuse to be collected from new houses which were not included in the contract (council estimates suggest that this was around 5,000 additional houses).

**107.** The council agreed in August 2007 to re-tender cleansing services but took no action. The decision was reconsidered by councillors in December 2008 in the light of the council's newly developed Corporate Waste Management Strategy and the potential risks associated with re-tendering refuse collection in the context of the council's waste PFI. They decided not to re-tender cleansing services and to retain the provision of the service in-house through a commissioning and delivery partner model. The refuse collection specification will now be significantly revised and considerable changes made to the future provision of cleansing services.

### Continuous improvement

The council does not have an effective approach to continuous improvement. Its financial focus has put greater emphasis on securing budget savings than on carrying out reviews with wider objectives of improving service quality or reconfiguring services.

**108.** The council has a poor track record of carrying out best value service reviews. Since 1999, it has carried out a relatively small number of reviews and very few strategic reviews have been done. The particular financial pressures faced by the council over the last few years have put greater emphasis on securing budget cuts than on carrying out reviews with wider objectives of improving service quality or reconfiguring services; the council cannot demonstrate the impact of reviews apart from savings and efficiencies. When reviews have been carried out, their progress has not been reported to members and it has been common for recommendations arising from the reviews not to be followed up. In addition, reviews did not formally consider and report on alternative options for service delivery. Councillors have had limited involvement in the review process.

**109.** The shortcomings in the council's approach were demonstrated during 2008 when it decided to provide all sports, leisure and cultural services in-house. The decision was not taken on a best value basis and there were serious omissions in the information on which it was based. At no point in the decision-making process did members consider the performance of either the in-house service or of the Trust which is providing sport and leisure services in the Annandale and Eskdale area. The council's leisure and sport services were subject to a formal best value assessment in September 2006, but this was based mainly on the results of a self-assessment survey managed by the council's policy and performance unit and fell significantly short of a robust

review of the service's performance and competitiveness.

**110.** There have been some recent improvements to the arrangements. A four-year programme of service reviews has been agreed by councillors and progress is being reported to Scrutiny Committee. Corporate guidance on the service review process has been improved. However, the new approach is still insufficiently robust. Review areas are internal to services and are not cross-cutting. They are chosen by services and are not prioritised in the light of such factors as current levels of performance, council priorities and levels of spend.

**111.** There are a few good examples of service reviews. These include a thorough and far-reaching review of homecare, which included a detailed benchmarking exercise to assess the costs of the in-house service. This has identified cost savings through contracting out more basic care services, while retaining an in-house service for more involved care, and for aspects of care in rural areas.

**112.** The Police, Fire and Rescue Committee is responsible for best value reviews of police and fire services, but it has had no involvement in service reviews and is therefore not discharging this element of its best value responsibilities.

#### Shared services

**113.** To date, the council has established few arrangements for sharing services with other organisations, in spite of several attempts. There is some sharing of services and accommodation with the local NHS. However, the council has successfully completed the first stages of the national Shared Services Diagnostic Project, in which groups of councils are exploring the potential for shared services. High-level outline business cases have been prepared describing the opportunities for sharing services and related benefits, risks and key targets. The council has managed its element of the project well.

#### Procurement

**114.** The adoption of a corporate procurement strategy has now been outstanding for a considerable length of time. In the absence of a corporate strategy, the council has in the past made most procurement decisions at a service level and it has been common for decisions to be made on a reactive basis. A corporate procurement team was established in 2006 and an e-procurement system is being rolled out across the council.

**115.** There have been some savings as a result of re-tendering: the council's own figures (unaudited) indicate £1.7 million efficiencies through procurement in 2006/07 and £1.1 million efficiencies in 2007/08.

#### Equal opportunities

The council is not demonstrating effective leadership on equalities and diversity, which are among the council's corporate values. Equalities and diversity are not embedded across the council's operations. However, it is providing good support to local groups which represent minority communities.

**116.** 'Equality and diversity' is one of the council's corporate values, but it is not demonstrating effective leadership on these issues. Equal opportunities and diversity feature only in general terms in the SOA, although some objectives and targets, for example relating to reducing poverty, are relevant. Apart from being listed in the council's values, there is no explicit reference to equal opportunities and diversity in the corporate plan.

**117.** The council has an equal opportunities policy and has put the required equalities schemes (for gender, race and disability) in place. The equalities policy is brief and basic but it is supported by other policies, for example, recruitment and dignity at work. However, the main policy has not been updated since 2004. There is a system of 'member champions' for diversity issues, but there is no written remit for them and their role is not clear.

**118.** In spite of their place in the council's values, equal opportunities and diversity are not embedded across the council's operations:

- Equal opportunities and diversity are not written into the job descriptions of managers or staff.
- Diversity training is available for councillors and all grades of officer, including those at the front-line of service delivery, but the level of training and take-up varies; senior officers receive only one hour's training.
- There are arrangements and guidance for carrying out Equality Impact Assessments (EIAs), including a toolkit, but the completion of these is patchy.
- Equal opportunities monitoring information is limited by the absence of an electronic HR system.

**119.** The council is providing good support, including funding, to local groups representing minority communities. It provides ongoing support to the Dumfries and Galloway Multicultural Association, which offers a very useful forum for people of different nationalities, a translation service and courses, for example, in ICT and English language; a councillor and at least one council officer attend its meetings. The council works closely with local disability groups (working together as the Coalition of Disabled People) and the Transport Advisory Group on access to buildings and transport. Multi-agency Polish Days in Stewartry have provided information and support to Polish workers. Community planning has generated the Diversity Working Group, consisting of equal opportunities officers of statutory agencies and a new migrant information pack was due for launch at the time of this audit.

**120.** The council's record on implementing equal opportunities and diversity is disappointing. It has

set itself a target of making all its buildings physically accessible to local people by 2009, but there continues to be considerable slippage against the council's capital programme for works to ensure compliance with the Disability Discrimination Act. The council is unable to measure progress on physical access accurately: it could not produce sufficient meaningful information to support the 2007/08 SPI relating to access to council buildings. The proportions of people with disabilities and from ethnic minority communities in the workforce are low compared to the proportions in local communities, although rising slowly. Nearly 75 per cent of the council's workforce are women, but the proportion of women in the highest paid five per cent of positions in 2007/08, at 37.4 per cent, was below the Scottish average of 44 per cent.

**121.** The council now has a clear and relevant Human Resources Equality Action Plan which, if achieved, will address a number of the weaknesses in its approach to equalities and diversity.

### Sustainable development

The council has some innovative practice in areas such as sustainable waste management and transportation. However, sustainable development is not an integral part of service planning and delivery across the council as a whole. The council lacks a clear planning and monitoring framework to show how it meets national sustainable development targets.

**122.** The council does not have an overall strategy to allow it to plan and monitor its contribution to sustainable development. It lacks formal processes to ensure that sustainability is considered in activities such as reporting, options appraisal and decision-making. However, the council has plans in place to develop a sustainable development strategy and a climate change action plan.

**123.** The council is beginning to integrate sustainability into its planning and management processes. The draft corporate plan now includes a 'green' theme to set out the council's objectives for sustainable development, reflecting the national SOA priority. The plan includes a good cross-section of targets for areas such as sustainable transport, biodiversity and waste management. However, it is too early for the council to demonstrate progress against these targets.

**124.** The council has also started to assess some of its projects against a sustainability checklist to ensure that wider sustainability issues are taken into account at the design stage. However, the council has not yet adopted this across the council as a whole.

**125.** Exhibit 13 summarises some good practice examples of the council taking sustainability into account in planning and delivering certain activities.



**Exhibit 13****Sustainable development good practice examples**

- Managing waste: waste recycling and composting is now exceeding the Scottish Government target of 30 per cent. The council's waste prevention strategy has led to successive reductions in public waste collected through community re-use projects and promoting home composting.
- Biodiversity: the council has well-established plans to promote biodiversity. Some 80 organisations are involved in the Dumfries & Galloway Biodiversity Partnership. Initiatives include: an Environmental Resources Centre; a programme to encourage wildlife in school grounds; and the construction of ponds near Lockerbie to attract breeding birds through treating surface water run-off from an industrial site.
- Eco-schools: all schools in Dumfries and Galloway are registered as Eco-schools (an international programme to raise environmental awareness in schools). Fifty per cent have achieved the silver award or higher.
- Sustainable travel: the council has been awarded £2.7 million funding under the Scottish Government's Smarter Places, Smarter Choices initiative for its joint proposal with South West of Scotland Transport Partnership (SWestrans) for Dumfries as a sustainable travel demonstration town.
- Forestry transport: the council has a charter with timber companies to help sustain the road network through agreed route maps and frequencies of use to reduce roads wear. This has been recognised by the Government's Timber Partnership Forum as a good practice model for a Scotland-wide approach.
- Community benefit from wind farms: the council has a positive planning policy framework for renewable energy. It has a partnership with wind farm developers as part of its regional community benefit scheme. This allows local communities to receive an ongoing financial contribution from wind farm developments.
- Energy from waste: the council has an innovative partnership with a private sector energy company to generate electricity from landfill gas. The project has made safe an environmentally sensitive site, is expected to generate up to £100,000 per annum for the council and will cut annual carbon dioxide emissions by approximately 20,000 tonnes. Its Eco Deco plant also produces a combustible solid fuel.

Source: Audit Scotland, 2008

# Part 3. How are services performing?



SPIs for 2007/08 indicate that the council's services continued to lag behind those of many other Scottish councils. Fewer indicators than the Scottish average are at top level performance, and the rate of improvement is slower than the average rate. Inspection reports on major services have indicated variable performance.

Educational attainment in Dumfries and Galloway is slightly above the average for Scotland, but has shown some decline in recent years. The council is taking action to determine the future of schools in the region, including small schools, and has funded plans for the improvement of many schools. Social work services are improving slowly from a low base.

The council is now taking measures to strengthen its role in economic development. It has shown good practice in community regeneration projects, but has yet to demonstrate a major impact from its larger-scale regeneration activities. The council has implemented improvements in its planning processes, but needs to ensure that members and officers share a common understanding of planning objectives.

The council has successfully implemented its area waste management plan. It has used PFI to help fund a major infrastructure investment to enable it to meet long-term European targets for landfill reduction.

### Statutory performance indicators

**126.** Each year, local authorities are required to report and publish information about their performance nationally. This is done through SPIs. Audit Scotland collates the information received from all councils and publishes information relating to SPIs on its website. The council profiles contain 82 measures taken from the SPIs. While these do not give a full picture of performance across

**Exhibit 14**  
Dumfries & Galloway Council Profile, 2007/08

	No. of SPIs in top performance quartile	No. of middle quartiles	No. of SPIs in bottom performance quartile	No service/fail to report
Adult Social Work	6	8	7	
Benefits Administration	1	0	1	
Education and Children's Services	1	5	2	
Corporate Management	1	6	4	1 FTR
Cultural and Community Services	2	5	3	
Development Services	0	2	0	
Housing (homelessness only)	1	0	1	9 NS
Protective Services	1	3	2	
Roads and Lighting	1	1	2	
Waste Management	1	4	1	
<b>Total</b>	<b>15 (21%)</b>	<b>34 (47%)</b>	<b>23 (32%)</b>	<b>10</b>
<b>Scottish average</b>	<b>21 (27%)</b>	<b>41 (52%)</b>	<b>16 (21%)</b>	<b>4</b>

Source: Audit Scotland, 2008

**Exhibit 15**  
Council profiles: performance change between 2007/08 and 2005/06

	Measures that worsened by:			Measures that improved by:		
	> 15%	10 14%	5 9%	5 9%	10 14%	>15%
Dumfries & Galloway Council	10	4	4	6	0	11
Scotland average	10	3	4	6	5	18

Source: Audit Scotland council profiles, 2008

all services, they can show performance trends over time, and allow some comparisons to be made between councils.

**127.** Exhibits 14 and 15 show the 2007/08 SPIs for Dumfries & Galloway Council. The council is not keeping pace with the improvement trend in SPIs shown by other councils. It has fewer indicators in the upper performance quartile, and more indicators in the lowest performance quartile compared to the national average (Exhibit 14). In the three-year period from April 2005 to April 2008,

more indicators have declined than improved in Dumfries & Galloway Council, giving it the second lowest improvement ratio for SPIs in Scotland at 0.9, compared to a national average of 1.7 (a ratio greater than one means that more indicators are improving than declining) (Exhibit 15).

**128.** Areas of performance that have both shown an improvement and place the council among the top eight ranked performance in the country include: the proportion of homecare clients over 65 receiving personal care; daytime respite hours provided

for children; the cost of council tax collection; road network restrictions; and refuse collection complaints.

**129.** Areas where the council performance was both in the poorest eight rankings in the country in 2005/06, and by 2007/08 had improved by less than five per cent include: the submission of social enquiry reports by the due date; the proportion of new probationers seen by a supervising officer within one week; the time to complete community service orders; refuse disposal costs; and sickness absence for teachers.

### Customer focus

The council provides good face-to-face customer service at area management level, through a network of customer service centres. However, the council's approach to customer services has not been coordinated at a corporate level.

**130.** Customer First is one of the council's values, set out in its corporate plan. The aim is 'to put our customers at the forefront of everything we do so our services meet customer needs and give value for money'. The implementation of the council's Customer First strategy has included setting up customer service centres, the development of a Customer Charter and a customer complaints scheme. The strategy has also seen the establishment of DG Direct (which is the council's contact centre) and a Customer Relationship Management (CRM) system.

**131.** In response to the findings of a residents' survey in 2002, the council has prioritised face-to-face contact over a technological approach in the first instance, followed by the development of the telephone contact centre later. The council provides good access to its services through its Customer Service Centres (CSCs) which are provided in 15 of the largest settlements across Dumfries and Galloway. The local CSC is a

good model and is operational in all areas. With the establishment of the contact centre and CRM, the council aims to improve its approach to the information it provides to customers, the way it consults with them and uses feedback, and the management of complaints.

**132.** There is a good range of public offices across each of the areas. The Area Management Framework contains strong emphasis on the development and improvement of customer services in local areas including commitments to develop Area Community Charters to oversee local performance including reliability of and access to services, to improve and develop CSCs based on the 'One Stop Shop' concept and to develop mobile CSCs. All of the commitments have been introduced and evaluated to assess their effectiveness. The council has decided to discontinue the mobile customer service centres due to lack of take up of the service. The Community Charters have been of limited value; they set out performance standards at local level but have not been fully implemented or reported on.

**133.** However, while customer focus is good at area management level, the way that customer services has been structured within the council has lacked a corporate approach, with services developing their approach to customer service in isolation of what other services deliver. Corporate customer care standards are applied by customer service staff (who report to area managers) but have not been rolled out to include other staff who have contact with service users, for example social workers. The council has created a corporate customer services manager post as part of the new management arrangements currently being implemented.

### Education, social work and community services

Educational attainment in Dumfries and Galloway is slightly above the average for Scotland, but has shown some decline in recent years. The council is taking action to determine the future of schools in the region, including small schools, and has funded plans for the improvement of many schools. Social work services are improving slowly from a low base but still show mixed performance. Housing services are graded 'fair' by the national regulator; neighbourhood regeneration in deprived areas of Stranraer and Dumfries is linked well to housing renewal. The council is working well in partnership to provide a range of leisure and cultural services, but performance is mixed.

#### Schools services

**134.** The education service in Dumfries and Galloway has responsibility for the pre-school service, the primary and secondary sectors and additional support for learning. It provides services for around 21,000 pupils in 16 secondary schools, 106 primary schools and two special schools.

**135.** Her Majesty's Inspectorate of Education (HMIE) reported on its inspection of the education function of Dumfries & Galloway Council in May 2007 ([Exhibit 16](#)). The report found that the education function demonstrated good performance in six of the 11 quality indicators and demonstrated adequate performance in five indicators.

**136.** The attainment of Dumfries and Galloway's secondary school pupils in 2007/08 is the same as the Scottish average of S4 roll gaining 5+ awards at level 5 or better by the end of S4, with attainment levels for those staying on to S5 and S6 being above the national average ([Exhibit 17](#)). However, attainment levels overall have shown a downward trend over the last few years.

**Exhibit 16**

## HMIE report findings

Quality Indicators	Evaluation
Improvements in performance	Adequate
Impact on learners	Adequate
Impact on parents/carers and families	Good
Impact on staff	Good
Impact on the local community	Good
Impact on the wider community	Good
Vision, values and aims	Adequate
Leadership and direction	Adequate
Developing people and partnerships	Good
Leadership of change and improvement	Adequate
Resource management	Good

## Note:

Quality Scale Description: Good – Important strengths with some areas for improvement

Adequate – Strengths just outweigh weaknesses.

Source: HMIE, 2007

**Exhibit 17**

## Secondary school attainment, 2007/08

Effectiveness Indicator (Secondary education)	Period	Dumfries & Galloway	Scottish Average
SQA Attainment: % S4 roll gaining 5+ awards at level 5 or better by end of S4	2007/08	34	34
SQA Attainment: % S4 roll gaining 3+ awards at level 6 or better by end of S5	2007/08	24	22
SQA Attainment: % S4 roll gaining 5+ awards at level 6 or better by end of S6	2007/08	21	19

Source: Scottish Government, 2008

**137.** The council has a well-established Small School Review policy which has been the basis of action to respond to demographic changes and falling school rolls. The process, which prompts a review of any school where stated criteria are met, actively engaged members of the local community. This approach is now being reviewed on the basis of national guidance on school estates.

**Social work services**

**138.** Social work services includes children and families service, criminal justice, a range of teams dealing with different aspects of adult services, a Frontline Improvement Performance & Quality team and housing services. Social work services were inspected by the Social Work Inspection Agency (SWIA) in 2006. The inspection identified considerable need for

improvement (Exhibit 18, overleaf); the areas in need of greatest improvement were in relation to the impact on staff, the strategic approach and performance management, rather than outcomes for people who use the services. The inspection reported positive views from service users.

**139.** The SWIA report and the council's Delivering Change programme for social work services are the key drivers for continuous improvement within social work services. The agenda is being taken forward by the Delivering Change Project Board, chaired by the chief executive; the board includes the lead inspector from SWIA as an observer.

**140.** There has been some progress made in response to the SWIA inspection findings, but these have been mainly structural rather than to key processes. The services have a better profile within the council, governance has been improved with the setting up of a dedicated committee for social work services and the appointment of experienced councillors as chair and vice chair of the committee. Leadership of the service has been improved with the appointment of a new director of social work services and there have been attempts at engaging staff with visits to social work offices by the director, the chair and vice chair of social work services. However, in spite of these changes the council has found it difficult to prioritise improvement actions and a follow-up inspection by SWIA in early 2008 found slow progress.

**141.** Adult social work SPIs show a range of performance. Six of the council's SPIs for 2007/08 were in the upper quartile when ranked with other councils. These included homecare (the percentage of people receiving personal care at 99.6 per cent is well above the Scottish average of 79.2 per cent and ranks first in Scotland) and the number of homecare clients aged 65+ receiving care at weekends (at 86.3 per cent this is above the Scottish average of 61.9 per cent

and also ranked first in Scotland). It also performed well in terms of the privacy it affords clients in residential places with related SPIs ranked in the upper quartile. The council performs less well in terms of the provision of respite care for adults, with three out of the eight SPIs in the lower quartile.

**142.** The council has a good working relationship with its health partners; some examples of productive joint working are shown in [Exhibit 19](#).

**143.** However, the council has not made best use of the opportunity provided by the Strategic Planning and Commissioning Team, jointly funded by the council and NHS. The team was set up in 2002/03 and at the time went beyond other local authorities by having co-location and joint management of posts. The focus of the team became operational matters, with the emphasis more on procurement than delivering its strategic commissioning role.

#### Strategic housing

**144.** The council transferred its housing stock to Dumfries and Galloway Housing Partnership (DGHP) in 2003. Just under a quarter of properties in Dumfries and Galloway are in the social rented sector and DGHP is the largest social landlord. The houses it acquired from Dumfries & Galloway Council represent 80 per cent of the social rented sector in the region. The council still has responsibility for delivering a strategic housing function for the Dumfries and Galloway area.

**145.** Since stock transfer the council has not provided good political and managerial leadership on its strategic housing role. The reporting and management structures for housing have lacked consistency and stability; strategic housing has reported to both the Planning, Housing & Environment Committee and the Social Work Services Committee. The council has recently established a dedicated subcommittee for housing,

#### Exhibit 18

SWIA inspection of social work services, Dumfries & Galloway Council, 2006

Area for evaluation	Rating
Key outcomes for people who use services	Adequate
Impact on people who use services	Adequate
Impact on staff	Weak
Impact on the community	Adequate
Delivery of key processes	Weak
Policy and service development, planning and performance management	Weak
Management and support of staff	Adequate
Resources and capacity building	Weak
Strategic leadership	Unsatisfactory
Capacity for improvement	Weak

Source: SWIA, 2006

#### Exhibit 19

Productive joint working between the council and the NHS in Dumfries and Galloway

- Garden Hill Primary Care Centre: NHS and council social service staff are based in the same premises, which provide accommodation for a range of health and social care services. Co-location is enhancing the coordination of services and the speed of responses to users.
- The Single Shared Assessment (SSA) is now established as the main 'tool' for recording assessments, used by both health and social work staff. By September 2007, nearly 800 staff had been trained to use the SSA electronic system, which aims to provide a comprehensive assessment of a person's health and social care needs.
- The rapid response service, STARS (Short Term Augmented Response Service), has been very successful. By meeting the health and social care needs of people in their own homes, this service reduces the need for admission to hospital and can also help people to leave hospital more quickly. The number of people helped by STARS continues to increase.

Source: *Dumfries and Galloway Health and Community Care Plan 2008-09*, Dumfries & Galloway Council and Audit Scotland, 2008

**Exhibit 20****The council has a good approach to working in partnership to provide services to homeless people**

- The Access to Housing agreements between the council and the local RSLs include a joint commitment to the prevention of homelessness. There are some good examples of the council working effectively to prevent homelessness in cases where households were threatened with eviction as a result of rent arrears.
- The council has well-developed joint working arrangements with the Scottish Prison Service. A prison liaison officer from Dumfries and Galloway Citizens Advice Service is based within the prison and two prison outreach officers from the council's homelessness team are based within the criminal justice service.
- The council works well in partnership with the NHS, demonstrated by its commitment to the joint development and delivery of a Health and Homelessness Action Plan.

Source: Communities Scotland (Scottish Housing Regulator), 2007

homelessness and supporting people. Performance management in strategic housing is weak and links to the social work services performance management system rather than the council's corporate system. The council does not provide sufficient resources for strategic housing work. There is a lack of designated funding to allow key statutory work on a Housing Needs Market Assessment to be delivered. The Strategic Housing Investment Plan (SHIP) is linked to the allocation of funding but there are limited staffing resources available for this work.

**146.** Housing services works well with partners to deliver services. There is good partnership working between the council and the RSLs. DGHP is a key partner in the delivery of the council's strategic housing function, and there are good officer working relationships in a range of activities, for example, in the support that DGHP gives to the council to meet its obligations to homeless and other vulnerable people by housing homeless people permanently, and by making properties available to the council for temporary accommodation. There is also a strong emphasis on joint working arrangements to deliver the

Neighbourhood Renewal Masterplan, which is linked clearly to the current Local Housing Strategy (LHS).

**147.** The council's homelessness function was inspected by Communities Scotland (now Scottish Housing Regulator) in March 2007 (reporting in July 2007, [Exhibit 20](#)). The overall assessment was that Dumfries & Galloway Council's homelessness service was 'fair'. Housing services is taking a structured approach to managing its improvement plan in response to the inspection.

**148.** The LHS for Dumfries and Galloway identified North West Dumfries and South Central Stranraer as high-priority areas for housing regeneration. The subsequent Neighbourhood Renewal programme is a partnership project involving the council, DGHP and the Scottish Housing Regulator. The total budget for the programme is estimated to be £64 million with the council contributing some £15 million.

**149.** The initial stages of the programme were delayed while the partnership established its working relationships and land acquisition difficulties were resolved. The partnership has now achieved

a positive focus on community development as well as the physical regeneration of the area. This includes the use of local neighbourhood renewal managers to provide support in employment training, childcare and consultation over the local regeneration plans. The North West Dumfries Resource Centre is a good example of community development work to support local training, community safety and employment.

**Community services**

**150.** Community services delivers the council's leisure and sport services and its cultural services, which include arts, museums, libraries, information and archives; it also includes registration services, and the Community Services Strategic Business Unit, which is responsible for the coordination of financial support to third sector and community sector groups in Dumfries and Galloway.

**151.** Community services works well in partnership across a range of activities; its main partners are sportscotland, Scottish Arts Council, Museums and Galleries of Scotland and NHS Dumfries and Galloway, with which it has developed a Physical Activity Strategy. The council provides funding to Dumfries and Galloway Arts Association, which helps to deliver services on the council's behalf and is the lead for some key events. The council is also taking forward the Kirkcudbright partnership, which aims to develop a gallery of national significance.

**152.** Community services works with education services, particularly with school estates, on the provision of sports and leisure services throughout Dumfries and Galloway. Dumfries High School has the use of a community recreation ground and athletic facilities in Dumfries, and there is similar provision in Annan, Sanquhar and Stranraer. School swimming pools are available for community use. In Stewartry, the high schools are available during evenings

and weekends for community use. There is close working with the Schools PPP team to ensure community access.

**153.** Two out of the council's eight cultural and leisure services SPLs are in the top quartile; visitor numbers and use of museums are performing well. However, there is declining performance in book stock turnover and in the use of libraries.

**154.** The council has achieved external recognition for its joint working initiatives and is working closely with local craft workers to promote local art events. Its Midnight Football Initiative, a joint initiative with the police, won a Cosla Excellence Award. In 2007, the council received an award for its Springfling, an open arts studio event, and is now moving into community partnership with craft workers to take this event forward. For the opening of DG One ([Exhibit 21](#)) the council commissioned a number of public art works, recognising the importance of arts and crafts.

### Economic development and regeneration

The council is now taking measures to strengthen its role in economic development. It has shown good practice in community regeneration projects, but has yet to demonstrate a major impact from its larger-scale regeneration activities.

**155.** The national review of enterprise agencies in 2007 has given councils greater responsibility for business support and local regeneration. Dumfries & Galloway Council is now putting in place a good strategic framework for economic development, but it has not yet identified clear priorities to enable it to manage its resources effectively.

**156.** The economic development strategy for 2003–08 identified the area's economic challenges and set a range of targets for an improved economy. A mid-term review of the

### Exhibit 21

#### DG One, regional leisure complex

The council assessed future needs for leisure and sport facilities in the Dumfries area and decided to build a regional sports centre to meet the needs of customers in the 21st century. The purchase of the Hoods Loaning site in central Dumfries was completed in March 2004. The total cost of the project was £17.3 million, including the design and build contract costs of £12.7 million. Funding for the project came from a range of sources, including the council's capital programme, Sports Lottery award funding from sportscotland of £1.25 million and a European Regional Development Fund grant from the South of Scotland European Partnership of £1.65 million.

Construction work started on 17 April 2006 and the handover to the council, originally due at the end of September 2007, was completed at the end of April 2008. The facility is the largest single building project undertaken by the council to date. It provides a major new sports and leisure asset that is significant in regional and national terms. It opened to the public on 28 May 2008. The council hopes that the town centre location and high public profile of DG One will stimulate new interest, activity and investment in Dumfries.

Source: Dumfries & Galloway Council, 2008

strategy in November 2006 identified progress in creating apprenticeships, improving productivity, broadband connectivity, and the availability of land for economic use. However, targets for inward investment projects, narrowing the wage gap, and increased export sales were not met. It is difficult to gauge the council's overall contribution to the 2003–08 economic development strategy owing to limitations in its performance measures.

**157.** The 2008–13 economic development strategy is currently being considered by members. This was developed by the Local Economic Forum using an inclusive and consultative approach. The forum includes a good cross-section of business representatives and aims to bring in wider representation from key industries such as forestry and agriculture.

**158.** The draft strategy shares the 'competitive and sustainable region' aim of the corporate plan; and also links with wider themes in the community plan and SOA. It builds on the main priorities from the previous economic strategy and

includes positive measures such as increasing private sector jobs, improving transport infrastructure and encouraging tourism. The Local Economic Forum is identifying priorities from the economic development strategy to help it target funding and resources. This is essential if the council is to fulfil its role in promoting the local economy.

**159.** The council has identified more specific economic development targets and measures. However, it has yet to determine the overall monitoring and reporting arrangements, including the role of the Local Economic Forum.

#### Urban regeneration

**160.** The council faces challenges in attracting private sector investment in the current economic climate. It has had successes with individual projects including constructing the DG One leisure centre in Dumfries, regenerating the former Crichton hospital site, and in community initiatives to revitalise small towns. However, it has still to implement major regeneration programmes including Stranraer and Dumfries town centre developments.



**161.** The council has delivered improvements to Dumfries town centre including attracting quality retailers; introducing pedestrian areas; and restoring an important historic site. It has also undertaken initial planning studies for a southern town centre bypass, and successfully consulted residents over the location of a new bus interchange site using a simple and informative survey leaflet. However, it has yet to secure a private sector partner for the major riverside development site in the centre of Dumfries. The council is taking further advice on this issue.

**162.** The council has ambitious plans to develop Stranraer as both an economically sustainable community and as a visitor attraction in its own right. The council is actively supporting the expansion proposals for the ferry ports. It is a member of the cross-border North Channel Partnership, which lobbies at a UK and European level to sustain ferry services between Scotland and Northern Ireland. This includes associated infrastructure of the A75 and A77 road routes, bus services and ferry port improvements.

**163.** Total funding of £3.85 million is in place for Stranraer, including Scottish Government and European Regional Development funding. A range of transport, housing, business and leisure projects are at the design and discussion stages, and the council has completed some marine works to improve the harbour area and provide berths for yachting. However, private sector investment is needed to realise the full potential of the area.

**164.** The council has demonstrated some good practice in small town regeneration to encourage tourism and small business growth. It has built on the identity of towns including Kirkcudbright, which is recognised as the 'Artists' Town'. The council led an Art and Craft Trade Development project which attracted EU funding, and the numbers employed in the arts and crafts sector in Dumfries and Galloway has grown from just

over 400 in 2005 to 540 in 2007. The council also supports an annual open studios event, which attracted some 25,000 visitors in its first year.

#### Planning

**165.** The council has implemented a more streamlined process to delegate the majority of planning decisions to planning officers, while retaining member oversight of these decisions through a call-in procedure. Early indications are that this system is allowing faster decisions. The council is mid-ranking in its performance in processing planning applications but is addressing its performance through recruitment and systems improvement. It is not meeting its internal targets for processing planning applications. Staff vacancies, at a level of 20 per cent, have contributed to this but a recent recruitment campaign has restored staffing levels.

#### Waste management

The council has successfully implemented its area waste management plan. It has used the PFI to help fund a major infrastructure investment to enable it to meet long-term European targets for landfill reduction.

**166.** The council has negotiated an innovative waste disposal PFI contract to deliver its area waste plan. The council's chosen approach has identified the advantages of 'co-mingled collection' where recyclables are collected together and sorted afterwards at a processing plant. This reduces the need for residents to sort waste, and the council does not need to collect multiple kerbside containers which would be expensive in such a large rural area. [Exhibit 22 \(overleaf\)](#) describes the council's PFI waste disposal contract, which has delivered new facilities including the Eco Deco plant.

**167.** The council has provided all households with a clear and informative household waste guide.

This uses its 'prevention and recovery' message to explain how households can prevent waste and what the council is doing to recover resources from waste. It held 14 waste road shows to accompany the guide.

**168.** The proportion of waste that is either composted or recycled has increased from five per cent to 32 per cent since the council signed the waste management contract in late 2004. It is now in line with the national average. This has been achieved mainly through processing residual waste and creating compost. However, the level of recycling alone is currently below the national average. The council is investigating potential markets to increase recycling.

**169.** The net costs of household refuse collection and disposal are higher than the national average, but are comparable with other councils that operate in a large rural area. The refuse collection service performs well regarding the level of public complaints about the service.

#### Housing and council tax benefit functions

**170.** From April 2008, Audit Scotland took over responsibility for inspecting the housing and council tax benefit functions from the Benefit Fraud Inspectorate. Risk assessments are being carried out on a cyclical basis and all councils will be visited during a two-year period. During August 2008, Audit Scotland carried out a risk assessment of housing and council tax benefits within the council and reported on the effectiveness of the benefits service in meeting the needs of the community and its customers, delivering outcomes and providing value for money ([Exhibit 23, overleaf](#)).

**171.** The report concluded that the council demonstrated an awareness of what constitutes an effective, efficient and secure benefits service and regularly reviews its working practices to achieve continuous improvement through the provision of an accessible benefits service in

## Exhibit 22

### Waste management/recycling PFI contract

The waste management/recycling PFI contract between Dumfries & Galloway Council and the Shanks Group was signed in November 2004. The contract meets the requirements of the National Waste Strategy, the National Waste Plan, the Area Waste Plan and the council's Structure Plan. The contract is funded through the former waste disposal revenue budget plus financing from the Scottish Government. The total cost of the project is in excess of £220 million over 25 years. The contract includes £35 million of capital investment to:

- upgrade existing council waste management facilities
- provide new infrastructure of Eco Deco and the Galdenoch composting plant.

The focal point of the contract is the Eco Deco waste treatment plant at Locharmoss near Dumfries. The plant produces compost from waste, separates recyclable materials, such as aggregate, glass and metals, and produces a solid fuel. This fuel is currently used in cement kilns providing a source of renewable energy from household waste.

The council is one of the first authorities in Scotland to have the infrastructure to meet the 2010, 2013 and 2020 EU Landfill Directive targets for the diversion of household waste from landfill.

Source: Dumfries & Galloway Council and Audit Scotland, 2008

## Exhibit 23

### Good practice identified in the 2008 inspection of benefits services

- A full benefits service at the four processing centres of Annan, Dumfries, Kirkcudbright, and Stranraer, as well as 11 satellite offices across Dumfries and Galloway.
- Assisted interviews, where council staff guide customers through the new claims application process and verification requirements.
- Training to its larger registered social landlords to enable them to conduct assisted interviews and gather evidence to support the benefit claims of their tenants.
- Home visits for those unable to get to one of the offices.
- Regular liaison platforms and maintaining effective partnerships with stakeholders, including its registered social landlords and the Department for Work and Pensions (DWP).
- A Benefit Maximisation Team, which includes DWP staff from The Pension Service, which helps residents to maximise their entitlement to all welfare benefits and associated services, as well as providing money advice.
- A designated email address and direct phone line for social and private landlords.

Source: Audit Scotland, 2008

15 offices across the large geographic area. However, the report found that staff shortages and IT limitations contributed to weak performance in some areas during 2007/08 and that while there were a range of performance targets there was little evidence that housing benefits administration performance is monitored outside the Revenues and Exchequer Service.

## Police, fire and community safety

### Strategic direction

The Police, Fire and Rescue Committee carries out the council's role as the police authority and the fire authority. Until recently, the committee has not been proactive in providing leadership and strategic direction.

**172.** Both Dumfries and Galloway Police and Dumfries and Galloway Fire and Rescue Service have clear strategic direction but this is mainly provided by the services themselves rather than by the Police, Fire and Rescue Committee. In large part, the services' strategic direction derives from the national frameworks and strategies within which they both operate and from the clear leadership of the chief constable and the chief fire officer. The committee has relied on the two chief officers to bring strategic matters to its attention, rather than providing proactive leadership. There is a good strategic approach to community safety, led by the council and its partners.

**173.** The Police, Fire and Rescue Committee has led well on community safety since the revival of activity on this in 2007. It has supported the development of the Community Safety Partnership, which is now providing a strong lead on community safety in Dumfries and Galloway after some years of relative inactivity. A new Community Safety Strategy is being prepared, focusing on the key local issues of domestic

violence, alcohol and drug abuse and road safety. The council has now moved to provide clearer cross-council leadership on community safety by including it in the remit of the Policy Committee from October 2008, a move which is generally welcomed by the community safety partners.

**174.** The council's new corporate plan now provides clear direction and targets for improving community fire safety, improved road safety, tackling crime and improving food safety and health and safety, although there are no targets for reducing domestic violence. Strategies such as the Antisocial Behaviour Strategy and the Drugs and Alcohol Strategy link well to the high level aims and objectives and involve a number of partners. Police and Fire Service plans and community safety plans are consistent with each other and the partners work very well together to provide leadership and collaboration on community safety matters. Violent crime, antisocial behaviour and domestic abuse are all reflected in the SOA targets, but drug and alcohol abuse, although acknowledged as a key issue, is not included in the SOA actions and targets.

#### Delivering services

The Police, Fire and Rescue Committee engages well in community planning through the police and fire services. It has taken a good lead on community safety. However, the committee is not discharging its best value responsibilities adequately or coordinating continuous improvement. There is insufficient challenge and scrutiny by the committee.

**175.** The Police, Fire and Rescue Committee has a wide remit, covering the functions of police and fire authorities. It includes consultation with the local community on police and fire matters, public performance reporting for police and fire, monitoring best value and continuous

improvement activities and civil contingency and emergency planning. Until very recently its remit also included the development of policy, strategy and priorities for community safety. The chief fire officer and the chief constable are both full members of the council's CMT, and as such both play a full role in cross-council matters. They both have a close working relationship with the chief executive which is characterised by mutual respect.

**176.** Through the police and fire services, the Police, Fire and Rescue Committee is involved well in community planning. Both chief officers are members of the CPJB, and the chief constable chairs the 'safer and stronger' theme group for the SOA. The police and fire service are involved well in local partnerships for community planning; both the police and fire service engage in frequent consultation with the public about their services and both are particularly responsive at local area levels. The police Community Promise relates to both region-wide and local area levels, reflecting consultation on priorities. Police and fire officers are based in the four areas and attend area committees regularly. Specific work around antisocial behaviour, road safety, drugs and alcohol demonstrates knowledge of and responsiveness to local circumstances and needs. Full reports on all these issues are taken to the committee.

**177.** Best value does not have sufficient profile in the committee's business and the committee is not discharging its best value responsibilities adequately or coordinating continuous improvement. The chief constable and chief fire officer bring regular and thorough reports on performance and budgets to the committee, but it often does no more than note these and scrutiny and challenge are generally weak. The committee has not conducted any best value service reviews, although there is currently some useful benchmarking work with two

other Scottish police authorities being carried out by the chair and vice-chair of the committee. Both services report to the committee regularly on progress on equal opportunities, but the committee is not proactive on this or on other aspects of best value.

**178.** While the role of the Police, Fire and Rescue Committee is clear, there is a risk that there is insufficient clarity in the council's overall governance arrangements in relation to police and fire matters. While the transfer of community safety to the Policy Committee is welcomed by stakeholders, the community safety interests of the Police, Fire and Rescue Committee will not be directly represented in the new arrangements. The fire service budget is part of the council's overall budget and there has been at least one occasion when budget decisions affecting fire service operations were at risk of being made without representation or input from the service.

**179.** There is strong partnership working in community safety between the council, police and fire services and other organisations, with good networks to respond to local issues. The Community Safety Partnership works closely with the area crime reduction panels and avoids duplication of activity. There is a clear multi-agency planning framework for drugs and alcohol work, with links to area committees and local plans; drugs and alcohol work is reported regularly to Social Work Committee and has been reported to Police, Fire and Rescue Committee through its community safety remit. Antisocial behaviour has been reported to Education and Community Services Committee and to Police, Fire and Rescue Committee. Innovative work involving a number of partners aims to improve the driving skills of young drivers rather than imprisonment or fines for driving offences, and there is good collaborative work on the prevention of home fires. There is close collaboration with the wardens' service in community safety work.

# Part 4. What needs to improve?



Dumfries & Galloway Council faces significant challenges. It needs to increase the pace of improvement in its services while making sizeable budget savings. It needs to improve leadership and direction in order to achieve these objectives. In particular, there is an urgent need to make performance management effective to provide councillors and services with the information needed to drive improvement.

**180.** The council is aware of many of its weaknesses and of what needs to be done, but lacks the leadership, drive and arrangements to address the problems successfully. It needs stronger political and managerial leadership, more clarity about its direction and culture and much stronger corporate working to improve services, provide best value and make change happen effectively.

**181.** The council's lack of clarity on its direction and its limited understanding of modernisation are reflected in a number of ways which present risks to the council's ability to change and improve. It is implementing a performance management system which will continue to be ineffective without a much more thorough understanding among councillors and officers of what performance management entails. It is moving to a commissioning model for its services without defining what this means. The council needs to ensure that the necessary understanding is developed to make these major developments deliver the much needed improvements to the way the council works. It needs to ensure that its SMF is effective at all levels in the council. It needs to develop and agree its commissioning model before incrementally applying a commissioning approach to its services. It needs to learn from good practice within its departments while ensuring that there is much more consistency in the way that departments work.

**182.** There are other significant issues to address:

- The scrutiny function should be clarified and strengthened, so that it is clearly located, well supported and effective.
- Strategic resource management needs to be explicitly informed by the council's objectives and priorities. The council needs to take a more robust and long-term approach to financial planning, in particular to link capital plans to its priorities. The FES needs to become strategic rather than reactive. The council should complete and implement its workforce strategy and introduce workforce planning.
- The council must improve its approach to best value, in order to improve services, efficiency and value for money, and to meet its statutory duties. There needs to be a more robust approach to service reviews to enable them to challenge performance and secure service improvements. The council needs to ensure that it improves risk management, strategic procurement and asset management, including prioritised strategic and operational plans for dealing with maintenance backlogs. It needs to make the necessary policy decisions and changes to enable its in-house services, particularly its STOs, to demonstrate competitiveness; it should make these decisions on a full best value basis.
- Change management has been focused almost exclusively on financial issues; the council should introduce an approach to change management which is more broadly based and enables its managers and staff to deliver change effectively. Alongside this, the council needs to improve its human resource management and engagement with staff, and

to ensure that the emerging workforce strategy is developed and adopted, that workforce planning is introduced and that staff appraisals are carried out consistently and regularly.

**183.** The council has recognised many of its weaknesses and has developed the Strategic Level Assessment and its action plan to enable it to address them. However, progress has been slow. The council needs to ensure that the actions agreed are properly resourced, implemented and coordinated. It should monitor and review progress and ensure that the pace of improvement increases and provide leadership and support from the top of the organisation for the new business transformation unit. There are significant opportunities for internal learning from departments and services which have introduced a modern approach to service management and improvement.

**184.** The council should extend the good practice in its leadership on community planning and its work with partners to the way that the council works with the voluntary and community sector and in how it relates to area-based community planning. It should articulate the role that local area community plans play in setting the strategic direction for local areas, as well as how they contribute to the overall planning framework. The council recognises that it needs to better understand the purpose and approaches for consultation and adopt a consistent approach to consultation.

**185.** The Police, Fire and Rescue Committee is committed to its role but is not sufficiently proactive or effective in the way that it carries out its strategic and best value responsibilities. It should ensure that it is providing appropriate strategic leadership to the police and fire and rescue services and should satisfy itself and its stakeholders that it fully meets its best value responsibilities.

**186.** The council needs to ensure that the new community plan is developed and agreed without delay, so that the plan is able to play its rightful role as the key strategic driver for the partners; the SOA to be developed and agreed for 2009 should reflect the new community plan.

### **Dumfries & Galloway Council improvement agenda**

- Provide effective strategic direction to the organisation at political and managerial levels, in particular to provide corporate focus, to drive modernisation and to instill the culture and practice of best value.
- Address the weaknesses in performance and resource management, ensuring that these are led by the council's priorities, and provide councillors and officers with sufficient understanding to be able to manage performance and resources within the council's frameworks. In doing so, prepare longer-term financial plans to provide for the future cost pressures facing the council, in particular the maintenance of the council's infrastructure assets and increasing demands for services.
- Develop and agree the commissioning model for the council and ensure that this is implemented across the council's functions with clarity, consistency and effectiveness.
- Introduce an effective change management programme which is broadly based, to support the achievement of the improvements listed above, and as part of this carry out a council-wide staff survey to ascertain staff views and needs and implement an action plan to address issues raised by staff.
- Clarify how scrutiny is to be carried out and ensure that members are provided with up-to-date, reliable and accessible information to enable them to challenge performance.
- Clarify the links between local area and region-wide community planning and the relationship between corporate and local area service delivery.
- Improve Public Performance Reporting to provide a complete and balanced picture of performance.
- Improve the coordination and consistency of consultation and engagement with local communities.
- Ensure that the Police, Fire and Rescue Committee takes a more proactive and strategic role, delivers its best value responsibilities and provides robust challenge and scrutiny to the police and fire and rescue services.
- Ensure that the new community plan is developed without delay so that it is able to act as the key strategic driver for the council and its partners.

# Dumfries & Galloway Council

If you require this publication in an alternative format and/or language, please contact us to discuss your needs.

You can also download this document at:  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)



Audit Scotland, 110 George Street, Edinburgh EH2 4LH  
T: 0845 146 1010 F: 0845 146 1009  
[www.audit-scotland.gov.uk](http://www.audit-scotland.gov.uk)

ISBN 978 1 906752 38 5

Printed on Revive 100 Uncoated, a recycled grade, containing 100% post consumer waste and manufactured at a mill accredited with ISO 14001 environmental management standard. The pulp used in this product is bleached using an Elemental Chlorine Free process (ECF).