The Audit of Best Value and Community Planning

South Ayrshire Council

AUDIT SCOTLAND

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.

Contents

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 South Ayrshire 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 South Ayrshire Council. The report also reflects the picture available at the time our main audit work was conducted between August and October 2008.

Commission findings

1. The Commission accepts this report on the performance of South Ayrshire 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 Commission is concerned to note the position at South Ayrshire as set out in the Controller of Audit's report. The council has made limited progress towards delivering best value and faces severe financial pressures which pose significant risks and which will make it more challenging for the council to make the improvements needed.

3. We note that some services perform well and that joint working is producing some positive outcomes in disadvantaged neighbourhoods. We also note that recent appointments at a senior level and more effective cross-party working among members are leading to improvements in leadership and we recognise that the council has developed a greater self-awareness of its weaknesses.

4. However, there are a number of areas of concern. In particular we would draw attention to the following matters:

- The serious financial situation of the council resulting from inadequate financial planning over a number of years.

- The lack of a culture of continuous improvement.

- The council does not manage its resources, risks and performance effectively and lacks a toolkit for Best Value and an effective system of performance management.

- The need to develop community planning and joint working with partners and neighbouring councils.

- The lack of clarity in the roles of members and officers and the need for both elected members and senior officers to establish more effective corporate working and leadership.

- There is little effective scrutiny of performance by members.

- The lack of consistent, good quality customer care.

5. South Ayrshire is a council which is facing a significant number of hard decisions for the future. We urge the council to give priority to putting in place an effective system of performance management, and to developing and using to the full the basic building blocks needed to achieve best value and to address its financial position. We look forward to receiving from the council an improvement plan which addresses the weaknesses identified in these findings and in the Controller of Audit's report.

6. We require a further report from the Controller of Audit on the position of the council as at March 2010.

Overall conclusions
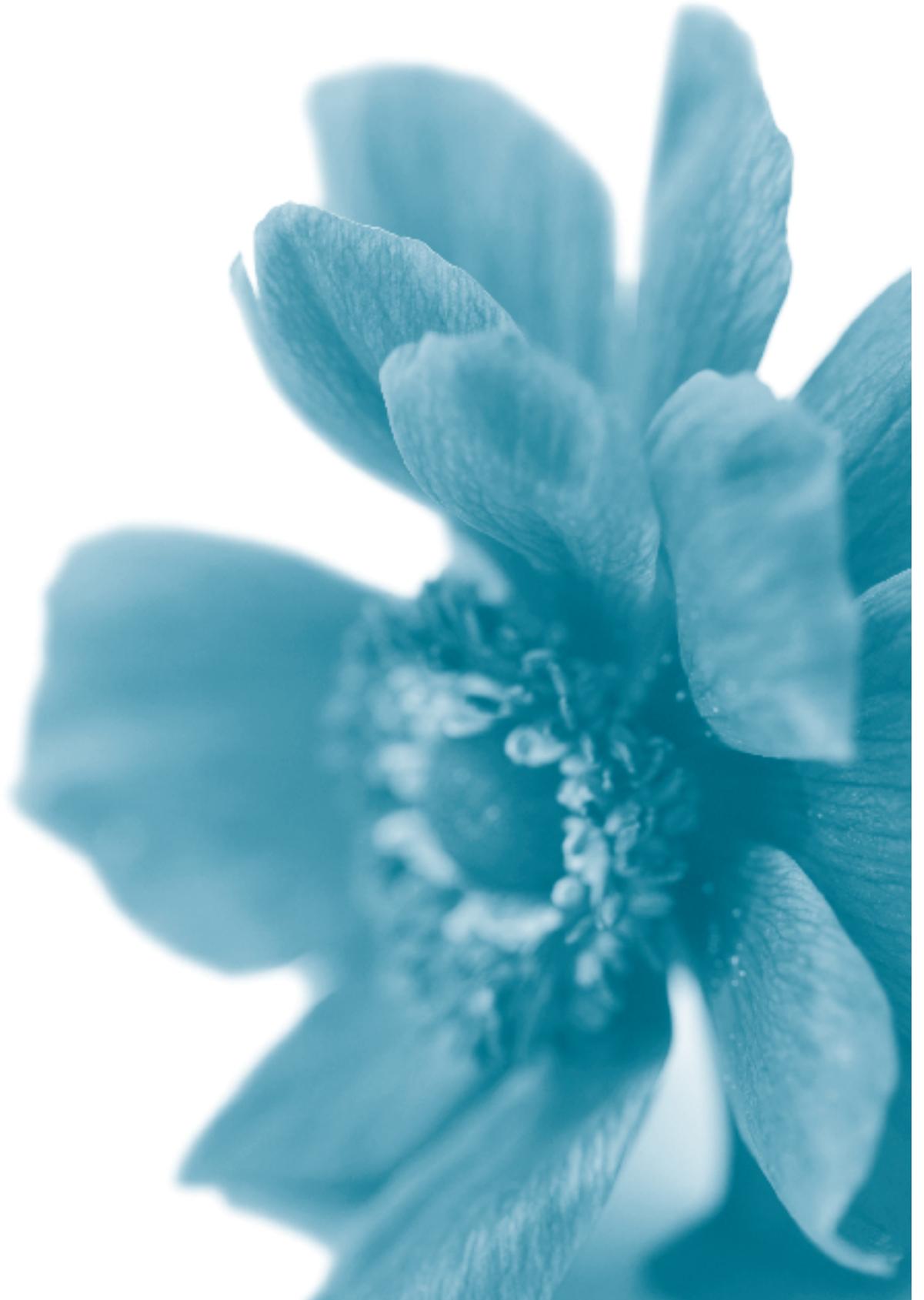
South Ayrshire Council has made limited progress in delivering Best Value and Community Planning. The council has an ambitious vision but faces severe financial pressures in trying to deliver it. Members and officers are working to address a vulnerable financial position that poses significant risks to its ability to invest in future improvements and to prevent services from deteriorating. In the past, elected members and senior officers have not provided sufficient leadership to create a culture of improvement, or systems to manage performance and key resources effectively towards achieving the vision. Leadership is improving and the council has a greater self-awareness of its weaknesses.

The council delivers some good quality services, including education and services to protect children and young people, many aspects of community care, housing management, waste recycling and community safety. However, improvement is needed if the council is to achieve its vision. Areas for improvement include roads, planning services, street cleanliness, homelessness and shortages in affordable housing. Joint working is delivering some positive outcomes in South Ayrshire, particularly in disadvantaged neighbourhoods, but community planning is not well developed. There is significant scope to develop more consistent customer care, and for greater sharing of services with partners and other councils.

The council has recently made some important changes to support improvement, including new political and managerial structures, but continues to face a very challenging improvement agenda. Its capacity for improvement will be tested by the severe financial pressures it faces, the lack of improvement processes in place and the overall scale of the improvement required. Therefore, within the resources it has available, the council needs to ensure its future improvement programme is realistic, clearly prioritised and has shared ownership among members and officers to ensure that it has the desired impact.

1. South Ayrshire is a predominantly rural area, but its main centres of population have good transport links to central Scotland and to other countries through Glasgow Prestwick International Airport and its two sea ports. South Ayrshire has relatively high house prices and levels of home ownership, and relatively low unemployment. Compared to other parts of Scotland, residents generally have good health and longer life expectancy, higher educational attainment, and lower levels of deprivation and crime.

2. The council has made limited progress in delivering Best Value and Community Planning. Historically, there has been a lack of effective leadership from both members and officers but this is now changing significantly. It has not established a culture where change and improvement have been embraced to achieve the council's vision.

3. The council has an ambitious vision but this is not supported by clearly resourced and targeted plans or defined measures of success. The council faces severe financial pressures in trying to deliver its vision and clearer priorities are needed to support its difficult resource decisions. It lacks reserves to deal with unanticipated expenditure, which exposes it to significant financial risks, including the cost of implementing single status. Members and officers are committed to addressing this and have been taking action to increase reserves during 2008/09. Its vulnerable financial position also poses risks to its ability to invest in future improvements and to prevent services from deteriorating.

4. During the last year, there have been clear signs of leadership improving and a greater appetite for change. This is a result of better direction from the Leadership Panel, more effective cross-party working, the impact of a new chief executive and other senior staff, and revised political and managerial structures. The council needs to build on this, with senior officers providing more effective corporate leadership and elected member portfolio holders having more clearly defined leadership roles.

5. The council takes decisions with openness and transparency. Greater cross-party working under the minority administration and revised political structures have strengthened governance in the council. Prior to the introduction of cabinet style political structures in 2007, there was an absence of scrutiny. Scrutiny arrangements have been improving since 2007, but better information is still required to support effective decision-making and scrutiny of performance, and members would benefit from training and development to carry out their scrutiny role more effectively.

6. The council uses a broad range of methods for consulting with service users and community representatives, and can demonstrate some examples of good practice. However, it can better coordinate the range of activity to improve efficiency and to ensure it is most effectively targeted.

7. Joint working is delivering some positive outcomes in South Ayrshire, particularly in disadvantaged neighbourhoods, but community planning is not well developed. The Community Planning Partnership (CPP) has reviewed its operations and recently begun to make improvements, including revised partnership structures and increased resources. There is scope for greater sharing of services with partners and other councils.

8. The council does not manage and review its performance effectively to support continuous improvement. A limited number of services have been exposed to competition to achieve greater efficiency but the council cannot clearly demonstrate that its services are competitive. Its approach to reporting performance publicly was developed through public consultation but it recognises the need for public performance reports to be more consistent, better coordinated and to contain more meaningful and balanced information.

9. The council's management of its human resources is improving but needs further development. Sickness absence needs to be managed more effectively and staff appraisal is yet to be consistently applied. Single status and equal pay have yet to be implemented, significantly increasing the council's financial risks.

10. Asset management requires considerable improvement. The council has begun to address this over the last year but there remains significant scope to rationalise assets and to share assets with partners to improve efficiency.

11. The council does not manage risk effectively, but strategies and structured processes to better manage risk are being put in place across services.

12. The council has made positive progress in understanding local needs and promoting equality by engaging with equalities groups among its staff and communities. It needs to get better at assessing the impact of its policies and services on all groups, and supporting staff and elected members through appropriate training on equalities issues.

13. Sustainable development is central to the council's vision, and it has made good progress in recycling waste and improving its own energy management and energy efficiency within communities.

14. The council can significantly improve access to services and the quality of customer care. It has a highly rated website, but local offices provide an inconsistent range of services and telephone contact for customers is poor. After many years delay, the council aims to establish a customer contact centre during 2009. It does not monitor or report complaints or use them to inform performance and service improvement.

15. The council delivers some good quality services. Educational attainment is generally above average, many aspects of community care compare well with other councils, waste recycling is among the best in Scotland and it has had success in improving community safety. Recent service inspections have highlighted strengths in education, services to protect children and young people, services for people with learning disabilities and in housing management. However, improvement is needed if the council is to achieve its vision, for example, addressing shortages in affordable housing; improving road condition; tackling comparatively poor and deteriorating performance in planning services and street cleanliness; and fulfilling its homelessness duties.

16. The council faces a very challenging improvement agenda. It does not have a successful track record of improvement, with many major improvement projects having not progressed or not been completed due to a lack of resources or management capacity to deliver them effectively. Its capacity for improvement will be tested by the severe financial pressures it faces, the lack of improvement processes in place and the overall scale of the improvement required. Within the resources it has available, the council needs to ensure its future improvement programme is realistic, clearly prioritised and jointly owned by both members and officers to ensure that it has the desired impact.

Part 1. Does the council have clear strategic direction?
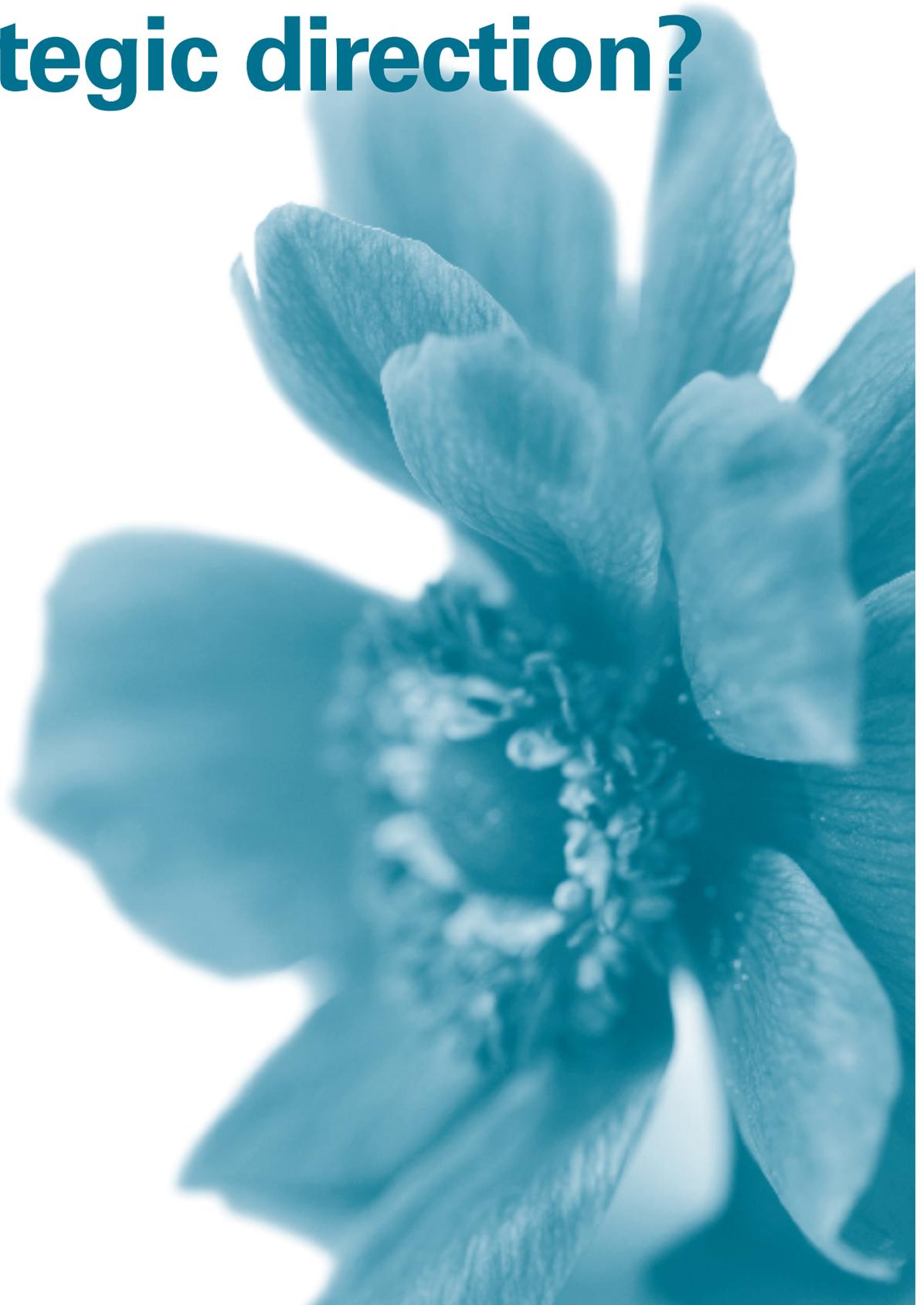
The council has made limited progress in delivering Best Value and Community Planning. It has an ambitious vision but this was not developed through public consultation and is not supported by clearly resourced and targeted plans or defined measures of success. Clearer priorities are needed to support difficult resource decisions.

In the past, elected members and senior officers have not provided sufficient leadership to create a culture of improvement where performance and resources are managed effectively to achieve this vision. Leadership is improving and the council has a greater self-awareness of its weaknesses. More effective leadership is demonstrated by effective cross-party working among members, the impact of a new chief executive and other senior staff, and revised political and managerial structures. Within the revised managerial structures it is critical that the Corporate Management Team (CMT) provides effective corporate leadership of the organisation.

Members and officers need to define their roles more clearly in leading the council, and it is essential that both fully understand the scale of improvement required and have shared ownership of the improvement agenda.

Context

South Ayrshire
17. South Ayrshire is situated in the south west of Scotland, and covers an area of 1,222 square kilometres, extending from Troon and Symington in the north to Ballantrae and Loch Ryan in the south. Its population of 111,670 is the 17th largest of local authorities in Scotland. Seventy per cent of South Ayrshire's population live in Troon, Prestwick and Ayr (Exhibit 1). The rest of the area is predominantly rural, including the smaller towns of Maybole and

Exhibit 1
Map of South Ayrshire

Source: Audit Scotland

Girvan, and many small villages. The southern third of the area is fairly remote, with average travel time by public transport to shopping facilities, post offices and doctors being in excess of 30 minutes. The area has good infrastructure links to both central Scotland and other European countries, and benefits from Glasgow Prestwick International Airport and two sea ports (Ayr and Troon).

18. South Ayrshire is an attractive area, with a mix of agricultural land, woodlands and forests, and a long coastline. Combined with these natural features, it offers a range of historical and leisure attractions, including the Burns National Heritage Park, Culzean Castle, world famous golf courses at Turnberry and Royal Troon, and Ayr Racecourse.

19. South Ayrshire's population declined by around one per cent between 1991 and 2001 and is projected to decline by a further two per cent between 2001 and 2021. However, demand for housing is expected to increase, as the number of single person households (especially pensioner households) is projected to rise by more than 30 per cent. Compared to other parts of Scotland, South Ayrshire residents enjoy comparatively good health and longer life expectancy. The council estimates that by 2021, increasing life expectancy will lead to a 24 per cent rise in the number of elderly people relying on the public sector to fund their care needs.

20. Compared to other parts of Scotland, South Ayrshire has above average educational attainment, below average levels of deprivation and lower levels of crime. Although crime is comparatively low, the South Ayrshire Community Safety Partnership reports that during the three years from 2005 to 2007, South Ayrshire, when compared to other local authorities in the Strathclyde area, experienced the largest percentage increase in total violent crime; it is one of the few areas where vandalism has increased; it has seen a bigger increase in drug and weapon crime than East Ayrshire and North Ayrshire; and it has the highest percentage of 15 to 19-year-olds starting to use illicit drugs. These issues are a significant focus of partnership working in community safety, and recent police data indicates this is bringing about higher levels of reporting and detection and a reduction in crime rates.

21. House prices and levels of home ownership in South Ayrshire are above the national average. Along with a relatively low proportion of affordable rented accommodation (20 per cent compared to an average of 25 per cent nationally), there is high demand for affordable housing in the social sector, with 3,500 households waiting for the 800-900 council homes that become vacant each year. Increasing the availability of affordable homes is a priority for the council and its partners.

22. Unemployment is relatively low at around three per cent (2006 data) and average incomes are reported to be the second highest in Scotland. Median weekly wages in South Ayrshire are 118 per cent of the Scottish average, second only to East Dunbartonshire. Over the last decade, economic output in South Ayrshire has increased significantly (mainly due to the aerospace industry, the growth in tourism and an expansion of the retail and public sectors) and output per head in South Ayrshire is ranked sixth highest in Scotland.

23. In contrast, 2006 data showed 14 per cent of 16 to 19-year-olds in South Ayrshire were not in education, employment and training (NEET), the 11th highest in Scotland. Addressing this has been a focus for the council and its partners and latest results for 2008 show that this has had a positive impact, with the numbers in the NEET category having reduced by over a third to nine per cent.

24. South Ayrshire has a small ethnic minority population, representing less than one per cent of all residents. Migrant workers are estimated to have increased the population by about 200 people.

South Ayrshire Council
25. South Ayrshire Council has around 5,000 staff and a gross revenue expenditure in 2007/08 of £357 million (Exhibit 2). Expenditure per head of population was £3,194, slightly above the national average of £3,153 and 15th highest of the 32 local authorities

Exhibit 2
Gross expenditure 2007/08 (£ million)

- Education (£107m)
- Social work (£76m)
- Housing (£56m)
- Other services (£33m)
- Cultural services (£21m)
- Roads and transport (£18m)
- Environmental services (£17m)
- Police and fire (£17m)
- Planning and development (£7m)
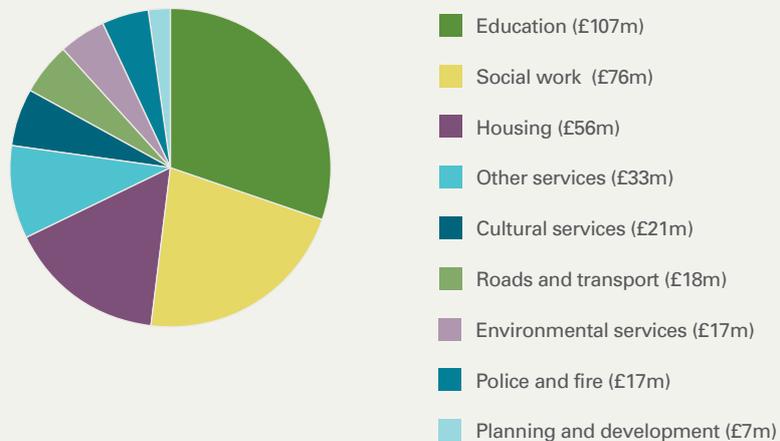
Source: South Ayrshire Council Annual Accounts, 2007/08

in Scotland. The council's band D council tax in 2008/09 was £1,153, close to the national average of £1,149.

26. The council has experienced three changes in political control during the past five years. Following elections in 2003 political control was finely balanced, with 15 Labour members and 15 Conservative members, and Labour took control of the council on the cut of cards. In 2005, the resignation of the council leader and the subsequent election of an independent member gave the Conservatives a single seat majority and political control of the council.

27. Elections in 2007 brought 15 new members and more even representation across the three main political parties. The council currently comprises 12 Conservative, eight Scottish National Party, seven Scottish Labour and three Independent members and is led by a minority Conservative administration. Following the 2007 elections the council introduced a cabinet style of political management, comprising a Leadership Panel and a number of scrutiny committees.

28. Other notable changes since 2007 include changed political and managerial structures and the appointment of new staff to senior posts through external recruitment, including the chief executive, director of social work, housing and health (now executive director – children and community) and head of human resources.

29. Following a critical annual audit report for 2006/07, the Controller of Audit wrote to the council in January 2008 expressing concern at the lack of progress in a number of important areas. This drew only a limited response from the council. Following another critical annual report for 2007/08, the Controller of Audit wrote again to the council in December 2008 expressing her continued concern at the lack of progress from the previous year. The current chief executive, who took up post in April 2008, has responded constructively to these concerns.

Leadership and culture

Historically, weaknesses in corporate leadership by both members and officers have limited the council's progress in developing Best Value and Community Planning. It has not established a culture of improvement and corporate working needs to become more effective. The council has identified improving leadership capacity as an improvement priority.

There are clear signs that leadership has been improving during the last two years along with a stronger appetite for change and a greater level of self-awareness. More effective leadership has been demonstrated by effective cross-party working among members, the impact of a new chief executive and other senior staff, and revised political and managerial structures.

It is essential that members and officers fully understand the scale of improvement required and have shared ownership of the improvement agenda. This will require them to define their respective leadership roles more clearly.

Political leadership

30. Weaknesses in political and managerial leadership in South Ayrshire over many years have limited the council's progress in developing many aspects of Best Value. This is reflected in the council's Leadership Panel's *Annual report 2007/08*, which states that political mismanagement over many years had eroded its strengths, left it with no clear direction and created a backlog of neglect that has left it with many challenges.

31. During the last two years, elected members have demonstrated a greater appetite for developing the council's approach to best value and continuous improvement. Members are now more actively involved in business processes that support improvement, such as budget setting,

community planning, service reviews and promoting equal opportunities.

32. A self-evaluation exercise in 2006 and Audit Scotland's Audit Risk Analysis and Plan (ARAP) for 2006/07, identified that the council faced a number of significant risks. This raised the council's awareness of its weaknesses and stimulated an appetite for change. However, the desire to take difficult decisions to address the challenges it faces has not yet impacted on service redesign and modernisation to generate greater efficiency and improve services. It is essential that members and officers have a shared understanding of the scale of improvement required and a shared ownership of the council's improvement agenda.

33. Since May 2007, elected members have worked well together with a strong and shared commitment to the council's priorities and more inclusive leadership, brought about by members from across political parties playing an active role in developing the council's vision and leading the budget process.

34. The council needs to clarify the respective roles of members and senior officers. It is important that members and officers establish mutual trust to achieve more productive relationships that allow senior officers to manage their services effectively and ensure portfolio holders play a strategic leadership role through policy development and scrutiny of performance.

35. Since May 2007, the council has invested in continued professional development for members to support and develop their leadership capabilities. A member training and development policy was approved in January 2008, with member role profiles and training and development plans put in place to identify individual, role-specific and corporate training needs. The wide range of training courses provided for members since May 2007 have been very

well attended, with all members participating in induction training and 93 per cent in other training. Elected member training has focused on policies, procedures and specific themes and services. To support more clearly defined member roles, this could be strengthened by providing training in leadership and scrutiny.

Managerial leadership

36. The council has experienced instability in senior officer leadership in recent years, particularly through important changes at chief executive level. Following the departure of the previous chief executive in August 2007, the director of development, safety and regulation led the organisation on an interim basis until the current chief executive took up post at the end of April 2008. The interim chief executive secured some early improvements, particularly around corporate working, but the absence of a permanent chief executive for around nine months affected the council's ability to tackle the challenges identified in the external auditor's 2006/07 annual report.

37. External inspections have highlighted good leadership within some individual services. However, until relatively recently, although members of the CMT led on a range of individual initiatives, it did not demonstrate collective leadership of important corporate issues such as the council's financial position, its efficiency agenda or sickness absence. The CMT has been developing a more effective corporate leadership role over the last year, and the council's own improvement plan has identified the need to strengthen corporate management as a priority.

38. The chief executive is clear about the degree of improvement the council needs to make. Since his appointment, he has begun to consolidate the council's various improvement plans and establish a programme of organisational change. He has instigated a number of important improvements, including: engaging communities

more effectively; establishing more open communication with staff on the difficult challenges facing the council; and introducing a revised management structure (Exhibit 3) to bring about greater efficiency, more effective corporate working and better delivery of council services.

39. The revised management structure, being implemented from November 2008, has brought significant change within the CMT, having replaced four service directors with three executive directors. Executive directors have a more corporate role, with the aim of maximising the coordination of services and focusing the CMT on the delivery of council objectives and improved outcomes. Establishing and sustaining a stronger CMT will be critical in moving the council to a more stable financial position and in supporting improvements across the council.

40. The revised management structures have also changed service groupings and heads of service remits. The chief executive has stressed the critical role for heads of service in supporting executive directors to lead modernisation and drive greater performance and efficiency in delivering services. All heads of service posts have been subject to a rigorous recruitment process, and this has resulted in only six of the 12 head of service posts being filled by heads from the previous structure.

41. The chief executive also aims to involve all senior officers in maximising the council's capacity to deliver its challenging improvement agenda. The need to better empower senior officers and develop their leadership capacity is reflected in senior officers' responses to the council's staff survey, conducted in March 2008. A 100 per cent response rate from senior staff shows that only around a third (37 per cent) feel they have an influence on future changes in strategic direction, and less than half (42 per cent) feel involved in making decisions that affect their job and the services they provide.

Exhibit 3
Managerial structures
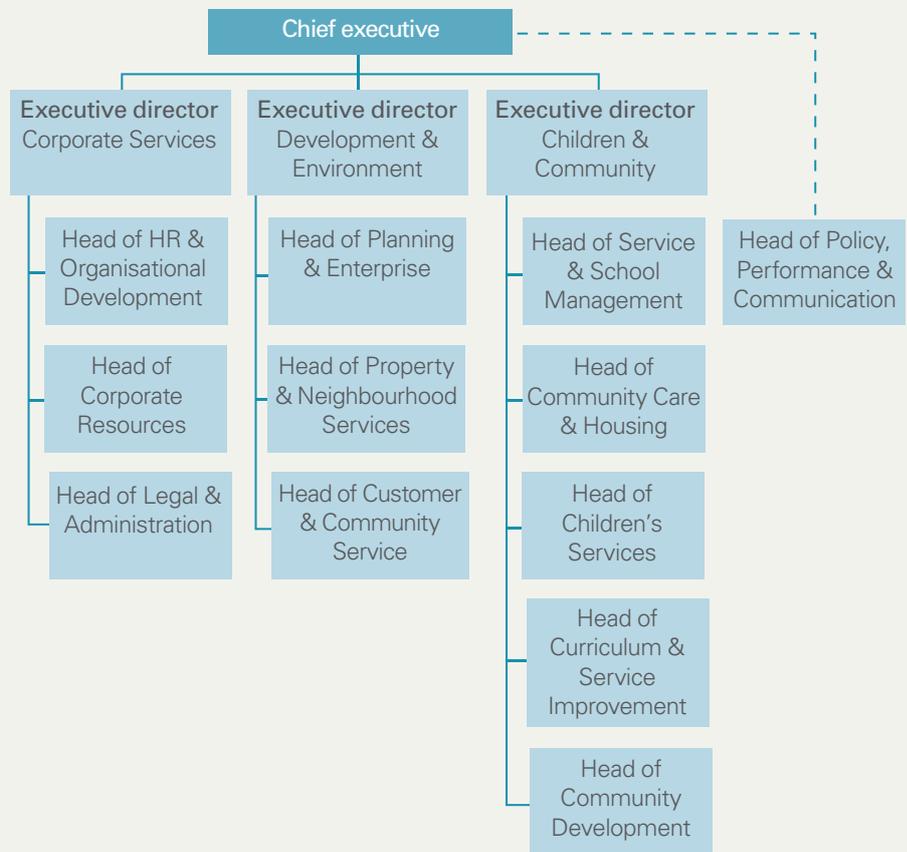
Source: South Ayrshire Council

42. In 2006, the council committed to implementing leadership development across the organisation, based on the principles and practices of 'adaptive leadership' that have already been applied in education. However, leadership development has not progressed. Improving senior officer leadership is a priority in the chief executive's organisational change programme.

Culture
43. The absence of a corporate culture has resulted in inconsistent practices and a lack of joint working between departments. Resource constraints and the need to make savings have driven a culture of protectionism within individual services. This is reflected in the council's 2008 staff survey, with only 26 per cent of senior officers believing that services work together to deliver council objectives.

44. Staff morale in the council has been negatively affected in recent years by uncertainty around single status and the impact of budget cuts leading to redundancies, deleted posts and high levels of vacancies. Despite this, the employee survey shows that almost all staff remain committed to achieving their objectives. Staff focus groups carried out during the audit also revealed that while morale has been low, the change in political leadership since May 2007 and the leadership demonstrated by the chief executive since his appointment have had a positive effect and brought a growing sense of optimism among staff about the future.

45. A culture of improvement is developing among members and senior officers, brought about by a greater degree of self-awareness and an appetite to address its challenges. However, focus groups highlighted

that the council needs to establish a culture where change is embraced more positively throughout the organisation and managed effectively to deliver improvements.

Vision and direction

The council has set out an ambitious vision for South Ayrshire but the timescale in which it is to be achieved is not clear. The vision was not developed with partners or informed by local views, and its delivery is not supported by clearly resourced, targeted and measurable plans. Clearer priorities are needed to support difficult resource decisions. The development of a partnership Single Outcome Agreement (SOA) in South Ayrshire from 2009/10 provides an opportunity to address weaknesses in the council's own 2008/09 SOA.

Vision for South Ayrshire

46. The council formally set out its ambitious vision for South Ayrshire, *Securing the Future,* in December 2007 after a lengthy development process. The vision has strong organisational ownership, having been developed on a cross-party basis, and aims 'to establish South Ayrshire as the most dynamic, inclusive and sustainable community in Scotland'. It contains 17 priorities, organised around the following four themes:

- prosperous, learning and achieving

- healthy, safe and caring

- clean, attractive and sustainable

- ambitious, forward-looking and responsive.

47. The priorities within *Securing the Future* cover the majority of the council's operations, and do not support the difficult resourcing decisions the council faces in the coming years. A much clearer and more focused set of priorities is needed for this.

48. *Securing the Future* is not set within any specific period of time and does not contain milestones, targets or performance indicators against which the council can measure its achievement. This is addressed to some degree through its SOA, but, not all of the council's priorities in *Securing the Future* are included in the SOA and it is unclear how their achievement will be measured. For example, there are no local indicators for priorities of: attracting growth industries, such as financial services, business services and tourism; improving transport links; and reducing accidents in the home. The council intends to address the absence of corporate targets and indicators through the development of its proposed strategic management framework that aims to connect the community plan, vision and strategies with service, team and individual plans, performance and resources.

49. The council did not actively engage the public in setting its vision, with the views of its citizens' panel sought only after publication of *Securing the Future*. This is borne out in the views of elected members, with only around half (56 per cent) believing the council's priorities are clearly informed by the priorities of local people and a quarter (24 per cent) believing they are not informed by local views.

50. *Securing the Future* presents a broadly similar vision to the one in the community plan for South Ayrshire, published in 2005. There are, however, differences between the respective priorities of *Securing the Future* and the community plan, with the community plan focusing on three priority areas: developing the skills and knowledge of both adults and children to improve their employment opportunities; improving the integrated delivery of educational, health and care services for our children; and combating antisocial behaviour.

51. The community plan has not been a focus for the council, and until recently community planning in South Ayrshire has lacked leadership, clarity and commitment. The council is addressing this and plans to review both the community plan and *Securing the Future* in 2010, to establish a single vision consistent with a partnership SOA.

Single Outcome Agreement (SOA)

52. South Ayrshire Council agreed its SOA for 2008/09 in June 2008. The SOA was not developed jointly with partners, as community planning was not sufficiently well established and the CPP was going through a process of review and improvement.

53. The short period of time for councils to develop and agree their first SOA for 2008/09 presented a number of difficulties and proved a learning process for all. As a result, SOAs will inevitably be refined in future years. The need for these refinements is evident in South Ayrshire's 2008/09 SOA: the affordable housing target is not consistent with the council's target in its local housing strategy and the baseline measure from 2007/08 does not reflect actual levels of new affordable homes; educational attainment targets have not been informed by recent trends or supported by targets within the education service plan; and targets for the number of applicants on the council house waiting list and number of homeless people re-housed rely on out-of-date Scottish Government data rather than current information readily available within the council, and which it supplies to the Scottish Government. The 2009/10 partnership SOA should ensure that baseline data for measuring progress is accurate and relevant, that targets are robust and measurement data is drawn from the most appropriate sources.

54. The process for regular reporting against the SOA has not been clearly established. The SOA states that there will be regular, quarterly reports to both the Leadership Panel and Community Planning Board on

progress in delivering outcomes. It is unclear how quarterly reporting will work given that almost all the data in the SOA is sourced annually.

55. All partners are signed up to *Securing the Future* as the basis for developing a partnership SOA for South Ayrshire for 2009/10. The council has a detailed project plan to develop the new SOA in conjunction with partners, elected members and communities by February 2009, and at the time of our audit good progress was being made.

Service plans

56. *Securing the Future* is the initial step in developing a 'strategic management framework' that aims to connect the community plan, vision and strategies with service, team and individual plans, performance and resources. The council is working to refine these links and plans to implement this framework fully in 2009/10.

57. Service planning is not well developed, with plans across departments varying in format, maturity and quality. Although the council is developing a clear corporate standard and guidance for service plans, implementing the planned strategic management framework will be a significant challenge as linkages between service, team and personal work planning still need to be developed.

Integrated planning and budgeting

58. The council has no medium to longer-term financial plan to integrate resource decisions with its strategic plans. To meet its savings targets the council has top-sliced service budgets, but it recognises that this is not sustainable in delivering services effectively or in generating required savings of £7.4 million in 2009/10 and £3.1 million in 2010/11.

59. In recognition of this, the council has committed to introducing a priority focused budgeting process for 2009/10 onwards to examine how its financial resources are used and

how this fits with the four key themes in its vision, with service plans and the SOA. It has encountered difficulties in aligning its budget decisions with the priorities set out in *Securing the Future*, primarily as the 'priorities' cover the majority of the council's operations. The absence of more focused priorities means the 2009/10 budget-setting process has been heavily weighted towards a more incremental process of top-slicing budgets rather than directing resources towards achieving the council's desired outcomes.

Governance and accountability

The council takes decisions in an open and transparent way. Since 2007, greater cross-party working and the introduction of new political decision-making and scrutiny arrangements have strengthened governance. Better information is required to support effective decision-making and scrutiny of performance, and members would benefit from training and development to carry out scrutiny more effectively.

The council developed its approach to reporting performance publicly through public consultation. It recognises the need for public performance reports to be more consistent, better coordinated and to contain more meaningful and balanced information.

Political management and scrutiny

60. The council's decision-making and scrutiny processes are carried out in an open and transparent way. All panels meet in public, with agendas, reports and minutes of meetings, along with members' register of interests, being available on the council's website.

61. During 2007, the council introduced a cabinet style of political management. This has been viewed positively by members and has strengthened governance through more open and transparent decision-making and greater cross-party working.

62. In response to an evaluation of members' experience and the effectiveness of the political management structure during its first year of operation, the council made refinements in October 2008 to further strengthen political management and scrutiny (Exhibit 4, overleaf). This has rationalised the number of panels and increased the number of portfolio holders from five to seven, with one Scottish National Party member and an independent member now holding portfolio roles, in addition to five members of the Conservative administration. Political portfolios have been designed to reflect the council's strategic vision, corporate aims and objectives and the community plan. However, this alignment is not evident and it is important that portfolio holders are clear about their accountability for the various elements of the council's vision.

63. Prior to 2007, there was an absence of formal scrutiny within the council. Scrutiny arrangements introduced since 2007 are operating well, with no evidence to suggest that the 'call-in' procedure is being used to delay decision-making processes. A tightening of call-in procedures and changes to the style of reports to members, introduced in January 2008, reduced the number of decisions called-in from 23 between July and December 2007 to only eight between January and May 2008.

64. Refinements to political structures in October 2008 have strengthened scrutiny arrangements by reducing the number of scrutiny panels from five to three but doubling the number of members on each panel from four to eight. This addresses the difficulty of smaller panels carrying out effective scrutiny when members are absent. The new structure also fills gaps that previously existed, with housing decisions now subject to scrutiny.

65. There remains scope to build on these positive developments and improve governance and scrutiny further. For example, weaknesses

Exhibit 4
Political management structures

Other decision-making panels

| Regulatory Panel | Rural Panel |
| Chief Officers Appointments/ Appraisal Panel | Appeals Panel (various) |

| General Purposes Panel |

| Licensing Board |

Full council (30 members) Provost (Chair) meets on an 8-week cycle

Scrutiny/Governance Management Panel 6 members cross-party
meets on an 8-week cycle. Members should not be on the Leadership Panel

To overview the Scrutiny Panels and promote and maintain high standards of conduct by all elected members. To deal with the abuses of Leadership Panel call-in procedures.

Leadership Panel Leader of the council and 6 others

Corporate, Strategic & Community Planning Portfolio	Social Services Portfolio	Sustainability & the Environment Portfolio
Resources & Performance Portfolio	Lifelong Learning Portfolio	Economic Development, Tourism & Leisure Portfolio
	Housing & Customer First Portfolio	

Portfolio Carriers – Reflecting council's strategic vision, corporate aims and objectives set out in council's Business plan and Continuity plan.

Standing Scrutiny Panels 8 council members meets on an 8-week cycle

| Corporate and Community Planning | Community Services | Development & the Environment |

Reflecting strategic business planning priorities of the council – 'to call in' items for further discussion.

Source: South Ayrshire Council

in performance management mean that members do not scrutinise performance. Of the 25 members that responded to our audit survey only ten (40 per cent) feel they receive good quality information on which to make decisions, with seven (28 per cent) feeling information is poor. Members could also benefit from specific training to make scrutiny more effective.

66. The council has drawn up a local code of corporate governance in accordance with CIPFA guidelines. An annual compliance statement has identified several important issues still requiring attention including evaluating performance against service plans and the SOA; risk management; public performance reporting arrangements; developing a communications

strategy; staff appraisal and review; developing a Customer Relationship Management (CRM) system; and setting performance standards.

67. The Leadership Panel and scrutiny panels have produced annual reports for 2007/08. These reports outline the challenges the council faces in delivering improvement and its achievements during the year. The reports have strengthened the panels' accountability arrangements, but could present a more balanced picture between achievement and areas where progress was less than anticipated.

Public performance reporting
68. The council has a public performance reporting strategy that was developed through public

consultation. This includes providing residents with information in an annual calendar and a six-monthly *Update* newsletter, neither of which provide a balanced report of council performance. In addition, the frequency of public reporting has not met the agreed strategy, with the two most recent issues of the six-monthly newsletter being published in November 2008 and July 2007. Our members' survey found that only a third (32 per cent) believe the council is good at informing local people about its performance, while almost half (44 per cent) disagree.

69. The council recognises the need for future public performance reports to be more consistent, better coordinated and provide local people with an accurate and balanced picture

of its performance. Implementing a communication and engagement strategy for customers, partners and staff and reviewing public accountability arrangements are also priorities in the council's improvement plan.

Engaging with communities

The council uses a broad range of methods for consulting with service users and community representatives, and can demonstrate some examples of good practice. It does not have a community engagement strategy and, along with its partners, can better coordinate the range of consultation to improve efficiency and to ensure it is most effectively targeted. The council needs to better evaluate consultation outcomes and to use consultation more effectively to inform policy development.

70. The council uses a broad range of methods for consulting with service users and community representatives, and recent inspections have reported positively on consultation within services. In August 2002, Her Majesty's Inspectorate of Education (HMIE) assessed education's approach to consultation and communication as 'very good', and reported further improvement in October 2004. In October 2005, Communities Scotland (now the Scottish Housing Regulator) reported that the council has well-established consultative structures and commits significant financial resources to support tenant and resident participation. In March 2007, the Social Work Inspection Agency (SWIA) found that the majority of carers and people with learning disabilities in South Ayrshire felt they were consulted and listened to and had enough say in big decisions.

71. There are other examples of the council demonstrating good practice in consulting and engaging the public on specific issues, including; the development of the community plan (Exhibit 5); the review of the

Exhibit 5
Engaging stakeholders in developing the community plan

In 2005, the council and its community planning partners completed a programme of stakeholder engagement in developing the community plan. The programme of engagement consisted of numerous strands including:

- distributing about 13,000 copies of *A Better Future Together* – a document stating the CPP's understanding of outcomes that would most improve the quality of life in South Ayrshire

- an online questionnaire together with the consultation document

- conducting 15 focus groups drawn from the South Ayrshire 1000 citizens' panel

- using a research company to conduct further 'communities of interest' focus groups with people from regeneration areas, older people, disabled carers and people with learning difficulties

- eleven one-to-one in-depth interviews with travelling and homeless people

- consultation sessions with business, voluntary organisations, and tenants and residents

- holding a conference with the Sustainability Forum

- engaging young people through Dialogue Youth.

The engagement programme met its objectives of involving people from specific interest groups while also engaging with individuals. It reached many of the traditionally hard to reach communities, but acknowledged the difficulty of reaching the black and minority ethnic communities known to be in the area but who lack any formal representation.

Source: South Ayrshire Council

school estate; and its 'Place making' initiatives in Tarbolton and Girvan.

72. The council consults well with equalities groups through a partnership forum that includes a range of equalities representatives.

73. Since April 2004, the council and its partners have used a citizens' panel, the South Ayrshire 1000 (SA1000), as one of the main consultation methods for gathering views on policy and service issues. However, the panel could be used more effectively as it has been surveyed only four times over the last five years, and was surveyed on the council's vision only after its publication.

74. The response rate to SA1000 surveys has steadily declined, going

from 81 per cent in the first survey to 59 per cent in the most recent. This suggests that panel members may not be clear about the value of their feedback. The council recognises that it is not good at evaluating consultation and demonstrating how it has responded to those involved.

75. Service inspections have highlighted that although the council carries out a lot of consultation, often using imaginative methods, consultation is not used effectively to inform service development. Less than half (42 per cent) of the council's partners responding to our survey believe that consultation findings are used effectively to improve services, and only 38 per cent believe findings are used to inform policy development.

76. Our survey of elected members also highlights scope to improve the effectiveness of community engagement in South Ayrshire, with only 36 per cent believing the council engages effectively with local people in planning and designing services and 48 per cent disagreeing. These views have been reinforced by community views at the June 2008 Community Planning Conference. Through an interactive voting exercise, a very high proportion of the 120 conference delegates expressed views that: council budgeting, decision-making and performance are not sufficiently influenced by local concerns; communities do not have good access to council decision-making staff and are not sufficiently empowered to engage with the council; council staff are not sufficiently trained in community development skills; and the council has not had the right attitude towards engaging communities.

77. To improve consultation the council established a Public Consultation Officers Group in June 2007 and created a website to share information on planned consultations and report findings. In practice, these changes have not led to a more integrated or efficient approach to consultation. A similar approach being developed for the CPP should give clearer consideration to how these arrangements will meet the CPP's objectives of carrying out consultation more systematically, sharing information and best practice more effectively and shaping strategic decision-making.

78. Budget savings in recent years have reduced the council's resources to support community engagement, particularly through significant staff reductions in its community development team. The council's new management structure has created a community development division that will consolidate the council's approach by bringing together its community development and community learning and development teams. The council plans to implement the outcomes of

a scrutiny panel review of community engagement as a future improvement action.

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

The council has made limited progress in establishing key systems and business processes to support Best Value and continuous improvement. As a result, the council does not manage its resources, risks and performance effectively.

Community planning is not well developed in South Ayrshire. Despite this, joint working at a local level is delivering some positive outcomes, particularly in disadvantaged neighbourhoods. The council faces severe financial pressures and is exposed to a high degree of financial risk due to a lack of reserves. There remains scope to generate greater efficiency by improving the management of resources and sharing services with partners and other councils.

The council is committed to promoting equality and sustainability and has made positive progress in delivering against some of its commitments. It can build on its good work in these areas by embedding equality and sustainability within its working practices.

Partnership working and community planning

Community planning is not well developed in South Ayrshire. Despite this, joint working at a local level is delivering some positive outcomes, particularly in disadvantaged neighbourhoods. The CPP has reviewed its operations and recently begun to make improvements, including revised partnership structures and employing a community planning coordinator. There is scope for exploiting much greater potential from sharing services with partners and other councils.

79. There are examples of effective partnership working in South Ayrshire in line with local priorities. People in disadvantaged neighbourhoods and rural areas in particular have benefited from: a number of successful

Exhibit 6
More choices, more chances

In 2006, South Ayrshire was identified as having 14 per cent of 16 to 19-year-olds not in education, employment and training (NEET), the 11th highest level in Scotland.

A South Ayrshire NEET Strategy Group was formed, comprising Careers Scotland, Scottish Enterprise Ayrshire, Ayr College, Job Centre Plus, Community Health Partnership, South Ayrshire Council for Voluntary Organisations (CVO) and the council's education, regeneration and community safety teams.

The group produced a local strategy aimed at meeting the needs of the 16 to 19-year-old NEET group and those at risk of becoming NEET. This outlined actions and indicators to contribute towards an overall goal of reducing the NEET population by 20 per cent (from 670 to 535) by March 2008.

Results for 2008 show significant progress in reducing the NEET population by 36 per cent (to 428), which greatly exceeds the target figure. This includes school leaver destination figures, showing that those 'Unemployed and Seeking' have reduced by 15 per cent and those 'Unemployed and Not Seeking' have reduced by 50 per cent during the same period. Benefit-related claims also show an overall reduction of 41 per cent on the baseline figure. Hardship claims within the age group also declined by 46 per cent over a 12-month period.

Source: South Ayrshire Council

community safety initiatives that have reduced antisocial behaviour; improved learning opportunities that have reduced unemployment and benefit claims among target groups (Exhibit 6); public health nursing programmes contributing to progress against health improvement targets; and sustainability initiatives improving energy efficiency.

80. The outcomes generated through partnership working have not been supported by clear leadership, commitment or focus on community planning by the council. This is reflected in the views of the 23 partners that responded to our audit survey in June 2008. Only seven (30 per cent) feel the council leads community planning effectively; 11 (48 per cent) believe the partnership has a plan for delivering its priorities; and only nine (39 per cent) believe the partnership has made good progress.

81. The degree of improvement needed is highlighted in a self-assessment exercise carried out by

the CPP during 2007. This identified significant areas for improvement including: more effective structures and governance arrangements; establishing a risk register; improving community engagement; establishing a performance and reporting framework; and having a dedicated community planning coordinator.

82. During 2008, community planning structures were revised to improve partnership working (Exhibit 7). The changes have rationalised groups, reducing some duplication and overlap, and simplified the role of chief officers in setting the partnership's strategic direction. They have also helped to address the limited involvement of elected members in community planning, with the leaders of all three political parties represented on the Community Planning Board, as opposed to only the council leader previously. Two community representatives have also been appointed to the board. The community planning structure has been designed to support local area-

based community planning, but at the time of our audit this had not started.

83. During 2008, the CPP appointed a community planning coordinator. Having a dedicated resource has increased the activity of the partnership and will help to take forward other developments, such as the community engagement network, risk register and performance management framework. The CPP would also benefit from establishing a dedicated CPP budget to support developments within the partnership.

84. The leaders and chief executives of all three Ayrshire councils meet quarterly to look at opportunities for joint working. To date this has realised some small scale efficiencies through shared emergency planning and out-of-hours noise teams and 'Ayr-share' building standards service. Within South Ayrshire, the council has also begun to share services and premises with partners on a limited scale, for example, providing a range of multi-

agency regeneration and health-related services within the Carrick Buildings in Girvan and co-locating social work and health teams in Ailsa and Ayr hospitals. The council understands that significant potential efficiencies can be gained from shared services and that it needs to more actively pursue future opportunities in response to the financial challenges it faces.

### Managing performance and improvement

> The council does not manage its performance effectively and does not have a systematic and effective approach to continuous improvement. A limited number of services have been exposed to competition to achieve greater efficiency. The council cannot clearly demonstrate that its services are competitive, and is reviewing its options appraisal process and guidance to help it generate more competitive services in future.

85. The council has a Corporate Performance Management System (CPMS) that allows services to track and report progress against objectives and tasks from strategies and plans. Beyond this, the council's system does not provide performance data to identify if service outcomes are improving or declining or to support effective decision-making.

86. Although 72 per cent of members responding to our survey feel they are provided with a clear overview of performance, the only information provided on the performance of services is an annual report on Statutory Performance Indicators (SPIs). The report to the Leadership Panel in August 2008 on the council's performance against 2007/08 SPI data analyses the data using a 'traffic light' system, designed to allow members to see clearly whether or not services are improving. However, a sample of 27 indicators examined by external audit revealed 11 reported errors, suggesting that the SPI data is not

Exhibit 7
Community Planning Partnership structure

Community Planning Partnership Conference

Theme Groups

- Economic Development and Transport Partnership
- Regeneration Forum
- Lifelong Learning Partnership
- Integrated Children's Services
- Community Health Partnership
- Community Safety Partnership
- Sustainability Forum

Community Planning Partnership Board

- South Ayrshire Council
- Strathclyde Police
- NHS Ayrshire & Arran
- Strathclyde Fire & Rescue
- Scottish Enterprise West
- Skills Development Scotland
- Strathclyde Partnership for Transport
- Two Community Representatives
- CVO Kyle and Carrick
- Ayr College

Area Forums

Locality Based Planning Forums

Community Planning Implementation Group

Source: South Ayrshire Council

reliable. This highlights the need for the council's information systems to generate more accurate and reliable data to support effective performance management.

87. Initial work to improve performance measurement began in 2005/06, through piloting a 'balanced scorecard' within the Development Safety and Regulation (DS&R) directorate. The council has yet to roll out this approach across the organisation. Developing performance management and reporting arrangements is a priority within the council's improvement plan, with a target date of 2010 for introducing comprehensive arrangements to link corporate priorities to the performance of individuals.

88. The council's programme of improvement has been driven by its corporate improvement strategy, *Strategy for Success*, established in 2006. The strategy is structured around Best Value criteria and contains 27 objectives for delivering success. A Leadership Panel report in May 2008 indicates that the council has achieved or made good progress achieving 23 objectives, focusing mainly on developing necessary procedures and strategies. The council needs to build on these developments to ensure that they have a greater impact on its operations and service outcomes in the future.

89. To support continuous improvement, the council has carried out a range of Best Value service reviews in recent years. However, their impact on improving performance and ways of working has generally been limited and the council has experienced difficulties in completing reviews; for example, the leisure review has been ongoing for many years. The council recognises the need for improved guidance for carrying out reviews and option appraisals effectively and there are plans to address this in the near future. Its improvement plan also recognises the need to develop a

structured approach to continuous improvement by developing its capacity for self-evaluation.

90. Policy and service reviews are now led by scrutiny panels. How scrutiny panels determine their programme of reviews is not clear and more needs to be done to prioritise and target areas of poor and deteriorating performance, and to coordinate reviews with other improvement activity. The council is developing guidance for scrutiny panels to assist them in setting review programmes.

91. The involvement of scrutiny panel members has improved the objectivity of reviews, but there is little evidence to show how this has led to reviews having a greater impact. The council needs to ensure reviews are managed effectively, as a significant number of reviews experience lengthy delays or remain incomplete.

92. The Local Government in Scotland Act 2003 introduced a duty to maintain and disclose trading accounts for Significant Trading Operations (STOs), which are required to break even over a three-year rolling period. In 2005/06, the council operated seven STOs, but following a review in 2006/07 this was reduced to a single STO covering property and design trading. This has consistently achieved the required three-year rolling surplus.

93. The council has exposed a limited range of services to external competition to achieve greater efficiency. This includes commissioning some community care services from the voluntary and independent sectors and contracting aspects of grounds maintenance from the private sector. More generally, the council is unable to clearly demonstrate that its services are competitive.

Managing resources

Finance

> The council faces severe financial pressures and difficult challenges in providing its services. It lacks reserves to deal with unanticipated expenditure and is exposed to substantial financial risks, including the cost of implementing single status.

94. South Ayrshire Council faces severe financial pressures. It has a vulnerable financial position that has resulted from past political decisions, including a policy of not building up reserves and not setting aside adequate funding for equal pay and single status over a number of years. As a result, over the last three years external audit has raised concerns about the council's financial sustainability, which poses risks to its ability to invest in future improvements and to prevent services from deteriorating.

95. At 31 March 2008, the council's general fund balance of £2.7 million (equivalent to 1.25 per cent of its net operating expenditure) represented the lowest general fund reserve of any Scottish council. Of this balance, only £0.1 million (less than 0.1 per cent of net operating expenditure) had not already been allocated to meet commitments in 2008/09. With almost no general fund reserves, the council is facing additional risks in achieving its objectives for 2008/09 onwards, especially when there are significant pressures arising from higher than expected costs of energy, fuel, food, staff costs and services. There are also other commitments that will need to be funded including the future charges arising from the long-term schools Public Private Partnership (PPP) contract.

96. The external auditor's annual report to elected members and the Controller of Audit for 2007/08 (October 2008) highlighted that the council's financial strategy is high risk, in that its financial position depends upon no significant unforeseen events occurring within the next three years. The financial recovery strategy aims to achieve a £2 million uncommitted general fund balance by March 2010. This is an ambitious target given current circumstances, and still may not be sufficient to address unplanned expenditure.

97. The council is committed to increasing reserves through the budget process and equal pay recovery strategy, and it expects to have made progress towards its target during 2008/09. The challenges of managing services with very limited resources and delivering a financial recovery strategy will require difficult spending decisions and strong efficiency and service modernisation programmes. The council's track record on these issues does not give confidence that it is well equipped to meet these challenges.

98. The council achieved its planned budget saving of £9.8 million in 2007/08 and has been working to achieve an additional saving of £3.3 million during 2008/09. Budget savings of £7.4 million have been agreed for 2009/10 with a further £3.1 million projected for 2010/11. Over and above this, the council has identified the need for annual savings of £1 million from managing vacancies. Achieving these financial savings will provide an increasingly difficult challenge, given the budget cuts made in recent years.

99. The council has not yet implemented the single status pay agreement. At 31 March 2008, it had limited its financial risk from equal pay claims by making compensation payments totalling £5.1 million. An additional £2.1 million had been set aside for further claims. While agreement has been reached with most employees, the council

potentially faces additional equal pay claims from those employees who rejected the agreement and have decided to take their case to employment tribunals. Further delays in implementing single status are anticipated and no date has been set for completion.

100. The council has experienced considerable slippage in its capital programmes. In 2007/08, it delivered 74 per cent of its planned general services capital programme and 69 per cent of its planned housing programme. The council is therefore failing to deliver many of the improvements in services that these programmes are intended to achieve. The council's ability to manage its capital programmes effectively is constrained by programmes being set annually, as opposed to being three-year rolling programmes, and the absence of a long-term capital plan.

Efficient Government

> The council's efficiency programme has relied heavily on cutting budgets and reducing staff. Limited progress has been made against national efficiency streams, such as asset management, procurement, and shared services. The council needs to better assess the impact its efficiency savings are having on service delivery.

101. To date, the council's efficiency programme has relied heavily on cutting budgets and has not been guided by a corporate efficiency plan. A significant proportion of the savings have been made by deleting posts and this has been done in the absence of a workforce plan. The council has not effectively assessed the impact of budget cuts on service delivery and has only recently begun to monitor the wider effects that deleting posts and operating with high levels of vacancies may have, such as increased sickness absence.

102. In 2007/08, the council made savings of £3.1 million by deleting 146.1 full-time equivalent (FTE)

posts, with staff being redeployed or through voluntary and compulsory redundancies. Progress in relation to other national efficiency streams was limited to £0.7 million of asset-related savings from a review of accommodation.

103. No procurement efficiencies were realised in 2007/08. A number of improvements have been made to procurement arrangements to generate greater efficiency from the council's expenditure in future. A corporate procurement team has been established to develop collaborative buying with other Ayrshire councils and Scotland Excel. The council approved its first procurement strategy in September 2007, and in April 2008, CMT formally agreed that procurement would be a corporate activity. A corporate procurement forum was established in July 2008, but at the time of our audit the role of this forum had not been agreed. The council is working towards the introduction of electronic catalogues through an i-procurement system. It intended piloting this system in June 2008 but this has been delayed and is not expected to be introduced until April 2009 at the earliest.

104. The council has not reported any financial savings from shared services in its annual efficiency statements. However, it is using the Improvement Service's shared services diagnostic and working with community planning partners and neighbouring councils to identify future opportunities for co-location and integration of services.

105. The implementation of a revised management structure from November 2008 is the first major step in delivering the required efficiencies in 2009/10 and 2010/11.

Managing people

Human resource management is not well developed and is variable across services, but is improving noticeably as a result of appointing key corporate human resource staff. The council has been significantly reducing staff numbers and operating with high levels of vacancies in recent years, but this has not been guided by a workforce strategy. Sickness absence among staff is increasing and needs to be managed more effectively. Staff appraisal has yet to be consistently applied. Single status and equal pay have not been implemented.

106. The council's management of its human resources (HR) has lacked priority. For example, it operated without a head of HR for two years and has not managed sickness absence effectively. As a result, HR management is not well developed, with different HR systems and approaches to staff appraisal and training and development being applied across services.

107. The council is now making progress in addressing important weaknesses in its people management. In December 2007, it appointed a head of HR and in June 2008 it agreed a strategic action plan for managing human resources effectively. The plan identifies the need to improve recruitment and retention and managing attendance at work, to develop an HR management system, and to agree pay, grading and reward structures. A lot of work is still required if the council is to implement all 22 actions in the strategic action plan by the target date of March 2010.

108. To replace departmental human resource systems and eliminate duplication of information, the council is implementing a corporate system (Oracle). Resources to fully develop the Oracle system are not in place, although options such as sharing the system with another public body are being considered.

109. The council has not implemented staff appraisal consistently throughout the organisation. The corporate staff Performance, Development and Review (PDR) scheme has recently been reviewed and a new competency-based system linked to business objectives is being introduced across the council over the next year. A senior officer appraisal scheme, introduced at the start of 2008, was applied to the CMT and all heads of service by June 2008. As part of standardising the council's approach to appraisal all employees will be migrated to the new competency and business objectives approach.

110. Sickness absence is a growing concern. SPIs show that during 2007/08, absence among chief officers and local government employees increased from 6.0 per cent to 6.5 per cent. This is the third highest level in Scotland, with the national average being 5.8 per cent. Absence among teachers rose from 4.0 per cent to 4.2 per cent, above the national average of 3.9 per cent. Absence among craft employees also rose from 5.1 per cent to 5.4 per cent, but is below the national average of 6.6 per cent.

111. Until recently, the council did not monitor or manage sickness absence, had no target for reducing absence levels and provided no support for managers to manage absence. During 2008, the council significantly improved its approach through: CMT taking responsibility for monitoring absence; the agreement of a target to reduce sickness to between 4.0 and 4.5 per cent over a period of three years; and the development of training and support to allow managers to tackle absence more effectively.

112. In March 2008, prior to the appointment of the current chief executive, the council carried out its first employee survey for eight years. The survey results, based on an overall response rate of 28.5 per cent, show a high degree of commitment from staff to achieving departmental objectives, and staff being clear about

their contribution towards objectives and the standard of work expected of them. In contrast, it shows that less than half of employees feel positive about the future, involved or able to influence changes, informed about future plans and decisions or believe services work together effectively to deliver council objectives. This highlights the importance of the chief executive's work to improve communication and overcome departmental barriers. An action plan is being drawn up to tackle the issues identified in the survey.

Asset management

Asset management requires considerable improvement. The council has begun to address this over the last year but there remains significant scope to rationalise assets and to better share assets with partners to improve efficiency.

113. The council owns 601 buildings located in 265 different sites across South Ayrshire. It recognises that it has too many properties in its portfolio but does not have a clear understanding of the appropriate number, type and location of physical assets it needs to deliver its services most efficiently.

114. Our survey of elected members highlighted that less than a quarter (21 per cent) believe that the council manages its assets well, whereas half (50 per cent) believe it does not. SPIs for 2007/08 show that less than half of the council's buildings were in satisfactory condition (40.9 per cent), well below the national average of 67.6 per cent, and that 64.2 per cent of buildings are suitable for their current use, slightly below the national average of 69.7 per cent.

115. Improving the management of land, property and other assets is a core component of the council's improvement agenda. During 2008, the council made progress in adopting a more formal approach to asset management. This included completing a programme of condition

surveys of non-housing assets and approving a high-level asset management strategy to provide a foundation for developing detailed plans within services.

116. South Ayrshire Council spends a relatively high proportion of its revenue budget on property-related costs (around 13 per cent compared with a national average of around nine per cent), with only Shetland Islands Council and Comhairle nan Eilean Siar spending a higher proportion of their budget on property. This highlights the potential for significant property-related savings.

117. The council made £0.7 million of asset-related savings in 2007/08 from a review of accommodation. It recognises that it needs to appraise options for its key assets, including sharing with partners, if it is to use them more efficiently and effectively.

118. The council's review of its schools estate, comprising eight secondary schools, 44 primary schools, three special schools and three nurseries, has highlighted that a significant number of schools are in poor condition. A primary and a secondary school have been closed in the past two years due to health and safety problems, and another two secondary schools are in very poor condition and not fit for purpose. These are not included in the council's school PPP project, through which it is building two new secondary schools, a secondary school annex and three new primary schools. Beyond the PPP project, there is currently no long-term capital programme to address the remaining school estate issues, although the council is aiming to have a ten-to-15 year programme in place by summer 2009.

119. Along with all other Scottish councils, South Ayrshire is involved in a four-year project to achieve a common asset management framework for roads.

Information technology

> The council's information, communications and technology (ICT) infrastructure is fit for purpose. It has progressed some elements of its Customer First programme well, but needs to addresses serious weaknesses in implementing key business systems through effective project management and resourcing.

120. The council's ICT infrastructure is fit for purpose. It has a corporate ICT strategy that provides a sound basis for developing effective business systems, but this has lacked a corporate profile or priority. The council would benefit from an overarching information strategy that is linked to service plans and clearly sets out the required ICT investment.

121. The council has made significant investment in an Oracle Enterprise Resource Planning (ERP) system to meet its business needs. By the end of March 2009, it estimates that it will have spent around £4 million on the Oracle system, with a further £700,000 planned for 2009/10. While some individual elements of the system have been developed, such as the human resources, accounts and supply teachers booking modules, its overall development has been very slow and has suffered from weaknesses in project management along with insufficient commitment and resources. The lengthy delays in implementation have resulted in the council needing to support two separate financial ledger systems since 2003. Limited progress has also been made in developing the Oracle i-procurement and CRM systems. As a result of the slow progress to date, the council's investment has not had a positive impact in improving the efficiency and effectiveness of its back office functions. Further investment in the development of the Oracle ERP system should be subject to review, with any further work being properly resourced.

122. Good progress has been made in introducing some elements of the Customer First programme, including smart cards, a corporate gazetteer, and developing the council's website to provide electronic service delivery. However, the planned CRM system and contact centre have not been progressed for several years and need to be implemented urgently and resourced properly as part of an overall customer service strategy.

Managing risk

> The council does not manage risk effectively, but strategies and structured processes to better manage risk are being developed within services.

123. The council has risk registers in place, but internal audit's annual statement on internal controls has been qualified each year since May 2005 due to weaknesses in risk management. The chief executive has been leading improvements in risk management since his appointment in April 2008. Although elected members have had some involvement in the council's risk management process, more needs to be done to ensure that risk management is properly embedded in governance and service management arrangements.

124. The council reviewed its strategic risk register during 2008 and is updating its risk management strategy to reflect changes in council structures, to include risk performance measures and to identify partnership risk. The low profile of risk management within the council is reflected in the fact that its draft risk management strategy was considered by the Health and Safety Panel in August 2008. As a critical corporate issue, the draft strategy would have been more appropriately considered by the council's Leadership Panel. It is important that the council makes progress in ensuring the strategy is finalised, implemented and has strong ownership throughout the council.

125. Managers across the council have received risk training but establishing effective risk management within departments is still at an early stage. All departments have risk registers, but not all are focused on the key risks to delivering their services.

126. The CPP carried out risk identification and profiling in 2007 and produced an improvement plan. However, very limited progress has been made over the last year, and risk owners and lead officers are still to be appointed to take forward the appropriate actions.

127. Limited progress has been made in business continuity planning, leaving the council vulnerable to unforeseen events that could disrupt service provision. To address this, a business continuity strategy was approved in April 2008 and training for managers began in August 2008. The council is in the process of establishing departmental business continuity plans and aims to have them in place and tested by the end of 2009.

Equal opportunities

The council has made positive progress in promoting equalities and understanding local needs by engaging with equalities groups among its staff and communities. To deliver more fully against its equalities commitment and statutory duties, it needs to ensure equalities issues are embedded within working practices, including assessing and monitoring the impact of its policies and services on all groups and supporting staff and elected members through appropriate training.

128. The council's commitment to promoting equalities and tackling discrimination and disadvantage is reflected in its vision, key strategies, and statutory equalities schemes. In translating its commitment into practice the council has a Member Officer Group (MOG) to promote and support equality and diversity across the organisation, work effectively with partner organisations, and actively engage equalities groups.

129. In developing its equalities schemes the council can demonstrate a range of good practice:

* Race: In 2003, the council joined with other public agencies (NHS, police, procurator fiscal) and other Ayrshire councils to establish the Ayrshire Race Equality Partnership. In 2005, the partnership commissioned a study into the needs of black and ethnic minority residents in Ayrshire to inform its Race Equality Scheme.

* Disability: The council worked closely with the South Ayrshire Forum on Disability and the South Ayrshire Access Panel in developing its Disability Equality Scheme 2006 and assessing compliance with the Disability Discrimination Act.

* Gender: the council involved residents and voluntary organisations in South Ayrshire in developing its Gender Equality Scheme 2007.

130. The council supports equality for its service users. It has supported greater inclusion within its schools (Exhibit 8). It aims to make its website accessible to all and has installed web tools for ease of use for visitors with visual impairments, mobility impairments, dyslexia and other issues. For example, BrowseAloud is free software provided on the website that allows visitors with problems reading to have the website read aloud to them.

131. The council promotes equality in employment. It has established a staff disability forum and reports equalities monitoring data on recruitment and employment to the Leadership Panel on a quarterly basis. It does, however, need to complete an equal pay audit and identify areas of under-representation and take positive action to redress the composition of its workforce.

132. SPI data for 2007/08 relating to equalities shows that:

* The proportion of women among the top two per cent and five per cent of earners within the council is 27 per cent and 36 per cent respectively. In both cases this is below the national averages of 36 per cent and 44 per cent and among the lowest levels in Scottish councils.

* The proportion of the council's public buildings accessible to disabled people has remained fairly constant in recent years and at 50 per cent is below the national average of 56.3 per cent.

133. While the council has made good progress in important aspects of its equalities agenda, it recognises the need to embed equalities into working practices and ensure that its commitments can be evidenced in practice. This is particularly important in order to demonstrate that it is meeting its statutory equalities duties. It lacks equalities monitoring information for services and although it has developed an equalities and diversity impact assessment tool, this has not been used widely or consistently. It can also better support equality in service delivery and policy development through targeted training for both officers and members.

Sustainable development

Sustainable development is central to the council's vision, and its commitment is demonstrated in the way sustainability is planned, resourced and led across the organisation. South Ayrshire has one of the highest levels of waste recycling in Scotland and has been working to improve its own energy management and energy efficiency within communities. The council can build on work already done by more fully integrating sustainable development in all its work and improving its ability to demonstrate progress against its vision.

Exhibit 8
Inclusion Squad Network

In 2005, a group of Dundonald Primary School pupils noticed that one of their friends who was a wheelchair user, and others who had additional support needs, wanted to be included in all the physical recreational activities at the school. As part of their Adaptive Leadership education the pupils decided that they would create an Inclusion Squad to give additional support to other pupils, so that they would be able to take part in all school activities.

The Inclusion Squad was such a success that in June 2007 the squad won first place in the Scottish Education Award 'Schools for All' category and in September 2007 gained second place in the Scottish Support for Learning Good Practice Award.

Building on this, an Inclusion Squad Network was established in November 2007, covering a total of 12 South Ayrshire Council schools, including one for students with additional support needs. Since then, pupils of all abilities and backgrounds, together with staff, consult with each other and discuss their ideas or concerns about meeting the requirements of children with additional support needs.

The aims of the network are to:

- ensure that all children are included in physical education as part of their curriculum

- encourage all pupils, irrespective of their background or needs, to participate in physical activities and be a health promoting school

- ensure as many schools as possible share the vision and work together to change attitudes to inclusion

- find funding that ensures all children have equipment in school to support them in physical education just as able-bodied pupils can expect.

The council's Sports Development Team supported the production of a video diary of the founder Dundonald Primary School Inclusion Squad members, which was viewed at the annual Enquire Conference 2008 whose theme was 'Achieving Excellence with Additional Support'.

Source: South Ayrshire Council

134. The council is clearly committed to sustainable development, with its vision being 'to establish South Ayrshire as the most dynamic, inclusive and sustainable community in Scotland'. This commitment is translated through a range of plans and strategies, including a climate change action plan, carbon management action plan and sustainable travel plan, and a well-resourced sustainable development team and an officer network to support all services in delivering the council's environmental and sustainability agenda.

135. There is political leadership of sustainability issues within the council's wider agenda, with a member of the Leadership Panel having a sustainability and environment portfolio. Corporate leadership is also demonstrated by the executive director development and environment acting as a 'Sustainability Champion'.

136. Since 2003, the council has supported a 'Sustainability Forum' that encourages partners to maintain and enhance local environmental and sustainability issues. It has also been proactive in raising awareness and influencing public attitudes to sustainability. For example, it has organised events and produced publications including: environment fairs, Sustainability Forum conferences, a community links initiative, business forum briefings, an Earthship Feasibility Study and an environment newsletter.

137. Over the past couple of years, South Ayrshire has recycled the second highest proportion of municipal waste in Scotland. In 2007/08, it recycled 43.2 per cent of waste, well above the national average of 31.7 per cent. It has also made a positive environmental impact through effective energy management, having reduced CO_2 emissions from council buildings by 17,500 tonnes between 1996/97 and 2005/06. It now purchases all of its electricity from renewable sources, preventing over 11,000 tonnes of CO_2 emissions. It has also worked in partnership with the Ayr-based Energy Agency on the Hadyard Hill Community Energy Project, to improve the energy efficiency of households in Dailly, Barr, Pinwherry/Pinmore and Girvan, which are areas of high fuel poverty. The success of this project resulted in it being the Community and Voluntary Winner of the National Energy Efficiency Awards 2007.

138 The council can build on its work to date by more fully embedding sustainable development principles in all its work. It can also be clearer on the level of resources required to support the delivery of relevant plans, the timescales over which its plans will be implemented and how it will measure their impact in achieving its vision. The council plans to measure its progress by developing a set of 'quality of life indicators' and a range of targets and measures for its climate change action plan.

Part 3. How are services performing?
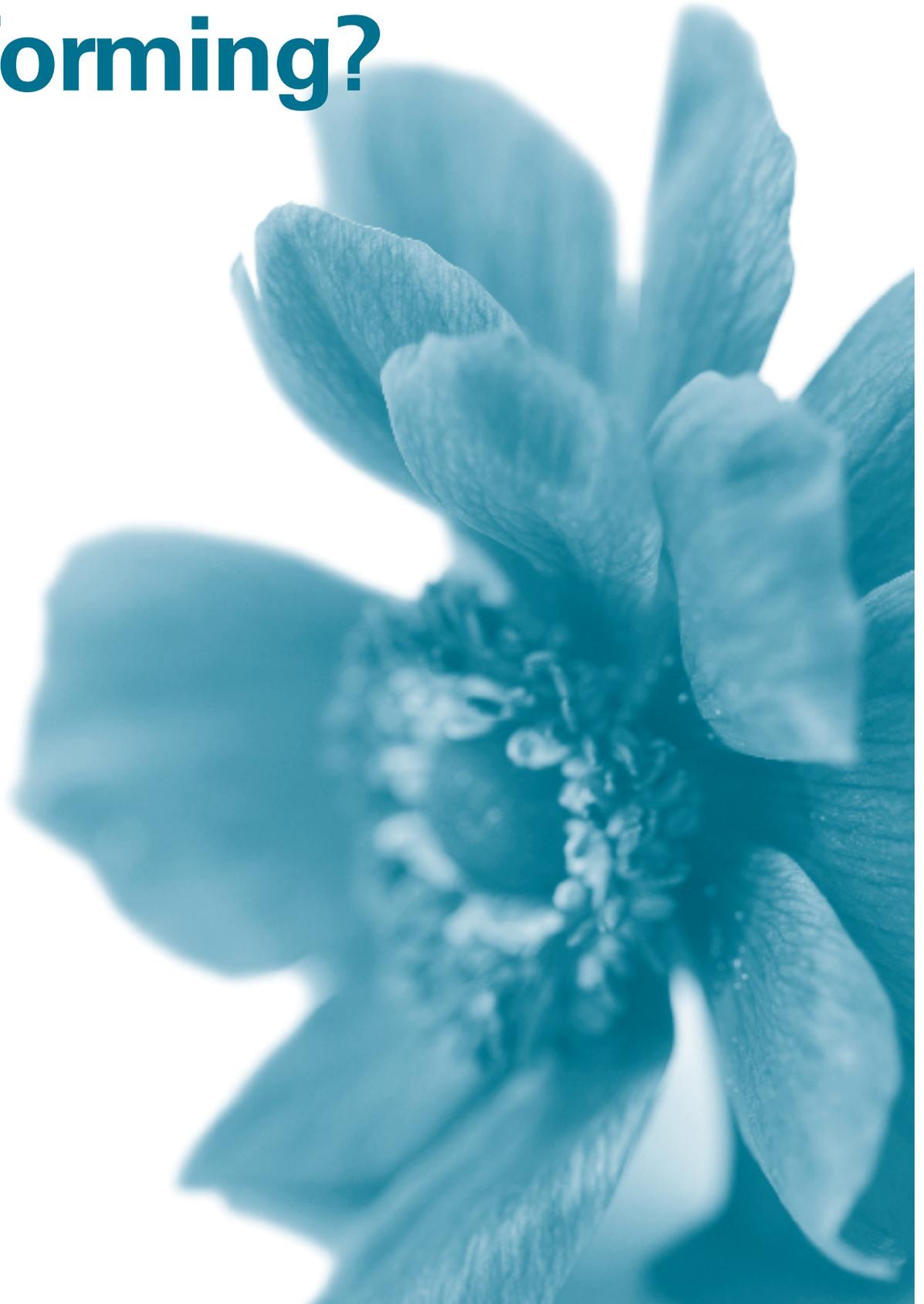
The council delivers some good quality services. Educational attainment is generally above average, many aspects of community care compare well against other councils, waste recycling is among the best in Scotland and it has had success in improving community safety. Inspections in recent years have also highlighted strengths in delivering key services, including education, services to protect children and young people, services for people with learning disabilities and housing management.

However, improvement is needed if the council is to achieve its vision. Areas for improvement include shortages in affordable housing, road condition, planning services, street cleanliness and homelessness services. There is also a need to significantly improve the quality of customer care.

Statutory performance indicators

139. Each year local authorities are required to report and publish information about their performance. This is done through SPIs. Audit Scotland collates the information received from all councils and publishes on its website a compendium of all SPIs and council profiles. The council profiles contain 82 measures taken from the SPIs. While these do not give a comprehensive picture of performance across all services, they do allow some comparisons to be made between councils and over time.

140. South Ayrshire Council's performance against all SPIs shows a trend of improvement over the three years from 2005/06 to 2007/08, with the overall ratio of improvement of 1.6 being only marginally below the national average of 1.7. Performance deteriorated against 19 indicators compared with an average of 17 across all councils and improved against 31 indicators compared with

Exhibit 9
Performance change between 2005/06 and 2007/08

	Measures that worsened by:			Measures that improved by:		
	> 15%	10-14%	5-9%	5-9%	10-14%	>15%
South Ayrshire Council	9	5	5	8	7	16
Scotland average	10	3	4	6	5	18

Council profile of SPIs, 2007/08

	Upper quartile	Middle quartiles	Bottom quartile	No service	Unreliable data
Adult Social Work	7	8	6	0	0
Benefits Administration	1	1	0	0	0
Education and Children's Services	2	5	1	0	0
Corporate Management	2	5	5	0	0
Cultural and Community Services	2	4	2	0	2
Development Services	0	0	2	0	0
Housing	2	8	1	0	0
Protective Services	3	3	0	0	0
Roads and Lighting	0	3	1	0	0
Waste Management	1	3	2	0	0
Total	20	40	20	0	2
Average across Scottish councils	21	41	16	3	1

Source: Audit Scotland council profiles, 2007/08

an average of 29 across all councils (Exhibit 9). In 2007/08, the council had one less SPI in the top quartile and four more SPIs in the bottom quartile than the Scottish average.

Customer focus

The council does not have a consistent approach to customer care. Its website provides a clear, informative and accessible means of providing online services and information, but the council provides an inconsistent range of services through local offices and telephone contact for customers is poor. After many years' delay, the council aims to develop a customer contact centre during 2009. Corporate customer service standards are not in place.

The council does not monitor, report or use complaints to manage performance and service improvement.

141. The council does not have a consistent approach to customer service. The range of services provided through its network of local offices varies and it has no corporately agreed customer service standards.

Individual departments have developed customer charters detailing the standards of performance customers can expect, but these are not consistently in place. The council recognises customer care as a priority for improvement.

142. The Society of IT Managers (SOCITM) rates South Ayrshire's website as one of the best in Scotland. The website is clear and easy to use, customers can use it to access a range of online services and it includes features to make it accessible to people with disabilities.

143. Council research shows that approximately 80 per cent of its customers prefer telephone contact and estimates that it receives around one million calls per year. Currently, customers must contact the department they require directly, which results in about 15 per cent of calls being lost due to difficulties in reaching the correct person, numbers being engaged or phones unanswered. Focus groups carried out with staff and community representatives consistently highlighted that call-handling is something the council does not do well.

144. To improve call-handling and customer care, the council is developing a proposal to establish a customer contact centre in 2009. It initially agreed to develop customer contact facilities in February 2002 and has subsequently reaffirmed this commitment on numerous occasions. To date the council has invested a significant proportion of its £850,000 Customer First government funding on a CRM system to support a contact centre, but this has not been implemented effectively. At the time of our audit, no budget had been agreed for developing the contact centre and given the difficulties to date, a completion date in 2009 is ambitious.

145. Customers can make complaints, comments and suggestions through a corporate feedback process, Help Us To Get It Right. The process is clearly defined and allows people to complain in person, by telephone, by post or electronically. However, complaints are not monitored or reported or used to manage performance and service improvement. The council is planning to introduce a customer complaints management tool in 2009, as part of its planned CRM system.

Services

Social work

> The council's social work services are undergoing a comprehensive performance inspection in 2009. Recent inspections show that children needing protection receive effective help and people with learning disabilities are experiencing excellent outcomes. Criminal justice services have been improving but can be improved further. There are weaknesses in the council's residential care services, but it provides a relatively high and increasing level of homecare.

146. SWIA is carrying out a comprehensive performance inspection of social work services in South Ayrshire during 2009. At the same time, a follow-up inspection of services to protect children and young people by HMIE and an inspection of residential care facilities and fostering and adoption services by the Care Commission will also be carried out. A number of other thematic inspections have been carried out in recent years, including a joint inspection of services to protect children and young people in South Ayrshire by HMIE in June 2007, an inspection of the Ayrshire partnership for criminal justice (June 2007) and a multi-agency inspection of services for people with learning disabilities across Ayrshire (March 2007).

Community Care

147. SPIs suggest some weaknesses in the council's provision of residential care. Between 2005/06 and 2007/08, the council significantly increased the proportion of qualified staff working in care homes for older people from 4.5 to 39.1 per cent and in care homes for adults aged 18-64 from zero to 35.0 per cent. Despite this, the proportion of qualified staff remains below the national averages of 53.9 per cent and 56.4 per cent respectively. The proportion of older people and other adults in residential care that have single rooms (80.1 and 83.7 per cent respectively) and en-suite facilities (36.7 and 26.5 respectively) is among the lowest in Scotland.

148. The amount of homecare the council provides to older people in South Ayrshire has increased over the last three years and, at 725.1 hours per 1,000 population aged 65+, is well above the national average of 500.7 hours and among the highest levels in Scotland. The provision of a high and increasing level of homecare is a positive development given the growth in the elderly population of South Ayrshire. For older people receiving homecare, 96.8 per cent receive personal care and 72.8 per cent receive care at weekends, some of the highest proportions in Scotland. In contrast, the proportion of older people receiving home care during evenings and overnight has been declining and at 29.5 per cent is below the national average of 33.5 per cent.

149. The council has been providing an increasing amount of overnight respite for older people and, at 434.7 respite nights per 1,000 older people during 2007/08, provision was relatively high compared with a national average of 308.5 nights. In comparison, overnight respite provision for adults aged 18-64 was relatively low at 25.0 nights per 1,000 population compared with a national average of 39.7 nights. All the daytime respite care the council provides for older people and other adults is outside of care homes, but the levels of daytime care it provided to both groups in 2007/08 (724.6 hours and 244.6 hours per 1,000 population respectively) was below the national averages of 3,400.2 and 682.7 hours.

Children's services

150. In June 2007, HMIE carried out a joint inspection of services to protect children and young people in South Ayrshire. Its findings provide a mixed picture of performance (Exhibit 10). It highlights strengths in promoting child protection services and providing effective help to children, but identifies weaknesses in recognising and assessing risks and needs, operational planning, leadership around vision and aims and the leadership of change and improvement. The identified weaknesses are consistent with our audit conclusions across the council as a whole.

Learning disabilities

151. In March 2007, SWIA reported the findings of its multi-agency inspection of services for people with learning disabilities across the three council areas in Ayrshire. The inspection found evidence of services in South Ayrshire delivering excellent outcomes for people with learning disabilities and examples of good leadership, particularly from first-line managers and team leaders. In common with other areas of Scotland, performance management, quality assurance and continuous improvement systems need to be improved. Across all its quality indicators, SWIA assessed aspects of learning disability services in South Ayrshire to be at least 'good', with partnership working assessed as good and the capacity of the South Ayrshire partnership to improve learning disability services as being very good.

Criminal justice

152. SPIs for 2007/08 show improved performance in criminal justice services in South Ayrshire over the last three years. The proportion of social enquiry reports the council submitted to the courts by the due date has increased from 92.0 to 96.4 per cent. The proportion of new probationers seen by a supervising officer within one week has increased from 86.1 to 90.4 per cent and is above the national average, and the average number of hours per week taken to complete community service orders is the second best level in Scotland.

153. In June 2007, SWIA reported the findings of its inspection of criminal justice services across the whole of Ayrshire. The inspection found that the standard of some practice was very good. Supervision of offenders on community service was of a high standard and opportunities to link community service more closely with overcoming barriers to employability were being developed. Other areas of practice showed clear room for improvement. Offending behaviour needed to be better analysed and focused on more during supervision. Risk assessment and management required to be addressed more consistently, particularly in work with high-risk offenders. One key finding was that the partnership arrangements across the three Ayrshire authorities had not made much impact on the delivery of

Exhibit 10

Inspection of services to protect children and young people in South Ayrshire, HMIE (June 2007)

How effective is the help children get when they need it?	
Children are listened to, understood and respected	Very good
Children benefit from strategies to minimise harm	Very good
Children are helped by the actions taken in response to immediate concerns	Good
Children's needs are met	Good
How well do services promote public awareness of child protection?	
Public awareness of the safety and protection of children	Very good
How good is the delivery of key processes?	
Involving children and their families in key processes	Good
Information-sharing and recording	Good
Recognising and assessing risks and needs	Weak
Effectiveness of planning to meet needs	Very good
How good is operational management in protecting children and meeting their needs?	
Policies and procedures	Good
Operational planning	Weak
Participation of children, families and other relevant people in policy development	Adequate
Recruitment and retention of staff	Adequate
Development of staff	Very good
How good is individual and collective leadership?	
Vision, values and aims	Weak
Leadership and direction	Adequate
Leadership of people and partnerships	Good
Leadership of change and improvement	Weak

Source: HMIE, June 2007

criminal justice services. Efficiency and capacity-building gains had not yet been achieved and there was no partnership performance management framework in place to inform and measure planned improvements.

Education

Inspections have shown that the council provides a good standard of education. Some measures of attainment have been declining slightly in recent years but remain above the national average.

154. In August 2002, HMIE reported its findings from an inspection of the education authority in South Ayrshire (Exhibit 11). The inspection found that the education service benefited from very good leadership, provided good learning and teaching and overall standards of education, and had a very good approach to consultation and communication. It also highlighted that: the proportion of school leavers in South Ayrshire entering higher education was well above the national average and levels within comparable councils; school absences were below national levels; and attainment levels within primary and secondary schools had been improving and were generally above the national average.

155. In October 2004, HMIE reported its findings from a follow-up inspection. The report found that very good progress had been made in strengthening the work of the education service, and changes in the management structure had focused on improving the high-quality service to staff and pupils in South Ayrshire schools. In addition, the very good strategic management and the very high quality of leadership had been further strengthened. Overall, the council had sustained and strengthened its capacity to ensure continuous improvement in the quality of its work. As a result of the very good progress made, HMIE has not carried out any further follow-up inspection work.

Exhibit 11
Education Inspection – Quality indicators (HMIE, August 2002)

HMIE judged the following quality indicators to be **very good**:

- Vision, values and aims
- Effectiveness of leadership and management
- Policy development
- Mechanisms for consultation
- Mechanisms for communication
- Service planning
- Measuring, monitoring and evaluating performance.

HMIE judged the following quality indicators to be **good**:

- Deployment and effectiveness of centrally employed staff
- Resource management
- Financial management
- Continuous improvement in performance.

HMIE judged no quality indicators to be **fair** or **unsatisfactory**.

Source: HMIE, August 2002

156. Educational attainment in South Ayrshire continues to be above the national average, but some measures of attainment have shown a slight decline in recent years (Exhibit 12). This decline, along with the fact that areas with comparatively favourable social and economic local contexts generally demonstrate stronger attainment than less well off areas, highlights the scope to raise educational attainment further.

157. In June 2007, HMIE reported its findings from an inspection of community learning and development in the Carrick area. Inspectors found a number of key strengths, including: the dedication and commitment of staff; effective partnerships and working relationships with other agencies at a local level; effective engagement with vulnerable and hard to reach young people and with local communities around regeneration; and accessible learning centre facilities for people with disabilities. Areas identified for

improvement include: refocusing the service to improve the effectiveness of staff deployment; implementing staff appraisal across the service and systematic identification of training needs; improving the recording and reporting of service impact; implementing simplified planning and evaluation to secure a better understanding and delivery of outcomes; and developing mechanisms for sharing capacity building practice across the council.

Exhibit 12
Secondary school attainment between 2005/06 and 2007/08

Percentage of	South Ayrshire Council			Scottish average		
	2005/06	2006/07	2007/08	2005/06	2006/07	2007/08
S4 pupils gaining 5 or more Standard Grades (General or better)	77	76	75	77	76	76
S4 pupils gaining 5 or more Standard Grades (Credit or better)	38	36	38	35	33	34
S5 pupils gaining 1 or more highers	40	40	39	38	39	38
S5 pupils gaining 3 or more highers	26	24	23	22	22	22
S6 pupils gaining 3 or more highers	33	33	30	30	29	30
S6 pupils gaining 5 or more highers	22	22	21	20	19	19

Source: Scottish Government

Housing and regeneration

In 2005, the council was assessed as providing good housing management services and fair property maintenance and homelessness services. Many aspects of housing management are relatively good and improving, but the time the council takes to house homeless people is relatively poor and deteriorating. It has not been successful in adequately increasing the supply of affordable housing and this presents a risk to delivering its homelessness duties in future.

158. In October 2005, Communities Scotland (now the Scottish Housing Regulator) reported on its inspection of the council's housing services. It assessed housing management as good (grade B); property maintenance as fair (grade C); and homelessness as fair (grade C). The inspection report recommended that across all of its

landlord and homelessness activities South Ayrshire Council should:

- tackle the weaknesses in its service planning and performance management systems

- improve public reporting on performance in housing and homelessness

- develop and promote a comprehensive set of service standards.

159. SPIs show that the council has been improving its performance in housing services, particularly letting houses more quickly, reducing its rent loss from empty houses and reducing rent arrears. The council's performance against relevant indicators generally compares well with other councils. In contrast, the average time it takes to complete its homelessness duty has almost doubled from 16.3 weeks in 2005/06

to 31.7 weeks in 2007/08. Over the same period, the average time Scottish councils take to complete their homelessness duty has increased from 16.5 to 22.6 weeks, meaning that South Ayrshire is one of the poorest performing councils on this indicator.

160. South Ayrshire has considerably lower levels of social rented housing than the average Scottish council. As a result, demand for social rented housing is high and providing sufficient affordable rented accommodation is a key priority in supporting sustainable communities. However, the council has not been achieving its target of an additional 200 affordable rented homes each year, with increases of just 74 in 2006/07 and 54 in 2007/08. The council has agreed a lower affordable housing target of 140 in its 2008/09 SOA, but it expects that this will not be achieved.

161. The council's failure to achieve its affordable housing targets has been affected by the lack of land it has made available for the affordable housing programme. This has resulted in it losing significant amounts of government development funding over the last three years, including approximately £2 million being redistributed to other council areas in South-west Scotland during 2007/08. It also has implications for securing future development funding, and achieving its statutory requirement from 2012 of finding permanent housing for all unintentionally homeless people. Almost all the sites identified in the council's future Strategic Housing Investment Plan for 2009–14 have been made available for affordable housing. However, the development of these sites is dependent on private housing development and is therefore at risk in the current financial climate.

Planning

The quality of planning services in South Ayrshire is deteriorating and is poor compared with other councils. A high proportion of complaints about the council made to the Ombudsman relate to the planning service and the quality of planning services is of concern to many elected members. Despite this, the performance of the service has not been reviewed.

162. The time the council takes to process planning applications has deteriorated over the last year. During 2007/08, the proportion of householder applications processed within the target of two months fell from 71.5 to 60.4 per cent, and is well below the national average of 76.3 per cent. Similarly, the proportion of all planning applications processed within two months reduced from 56.2 to 47.6 per cent, and also compares poorly with the national average of 58.7 per cent. Although there has also been a general decline in the performance of planning services nationally, South Ayrshire's performance has consistently been below average and is among the lowest in Scotland.

163. The Scottish Public Services Ombudsman's report for 2007/08 shows that 31 per cent of complaints received about South Ayrshire Council related to planning. This is disproportionately high against a national average of 18 per cent.

164. Many of the elected members surveyed and interviewed during the course of our audit expressed dissatisfaction with the performance of the planning service and concern that it is not playing an effective enabling role for economic and housing development within South Ayrshire. This has been a contributing factor to the council's difficulties in developing affordable housing.

165. The council has not carried out any reviews of planning services to address its weak performance.

The management of the service is being restructured, with the former planning and transportation division being replaced by the planning and enterprise division, which should assist the council in strengthening its enabling role for economic development.

Roads

The proportion of roads needing maintenance is above the national average.

166. In recent years, a higher proportion of roads in South Ayrshire have required maintenance than the national average. In 2006/07, 60.9 per cent of roads required maintenance, an increase from 55.0 per cent in the previous year and above the national average of 47.5 per cent. This was the third highest level among Scottish councils. A change to the calculation of the SPI in 2007/08 does not allow comparison with previous years, but the proportion of South Ayrshire roads needing maintenance remains relatively high at 45.1 per cent against the national average of 37.4 per cent. Many of the staff, elected members and local community council representatives we spoke to during the audit expressed dissatisfaction with the quality of roads in South Ayrshire.

Neighbourhood services

South Ayrshire's Community Safety Partnership has delivered tangible benefits to local communities and is recognised nationally as an area of good practice. The cleanliness of streets in South Ayrshire has deteriorated in recent years but, while they have the poorest cleanliness rating in Scotland, a new approach is showing signs of improvement.

Community Safety
167. Community Safety in South Ayrshire is managed strategically through a community safety partnership of local agencies. The partnership's strategic purpose is to

'create a safe, healthy and confident South Ayrshire'. It does this through working in partnership with local communities and other organisations, and developing a strategic approach to problem solving using PEER (Prevention, Early intervention/diversion, Engineering/enforcement, and Rehabilitation).

168. The community safety partnership has a well developed strategy to guide its work in responding to the increasing challenges of increasing crime and drug abuse in South Ayrshire. The work of the partnership has been recognised by national government as good practice and this is reflected locally in successful community safety initiatives (Exhibit 13).

169. Resident surveys highlight that in the communities worst affected by antisocial behaviour, public confidence in the community safety teams increased by 36 per cent between 2004/05 and 2007/08.

Neighbourhood management
170. The council is very proactive in promoting and supporting civic pride in the area and this is reflected in Beautiful Scotland in Bloom awards, seaside awards for public beaches and its Renaissance project to revitalise Ayr town centre.

171. Citizens' panel surveys have shown that the cleanliness of streets and beaches is considered an important priority by local residents. Survey results show that, while 41 per cent of residents consider that beaches have become cleaner in the last two years, 46 per cent believe the cleanliness of the streets had deteriorated since 2005. Residents' views about the cleanliness of the local environment are reflected in Keep Britain Beautiful's cleanliness index. South Ayrshire's cleanliness rating has deteriorated every year between 2005/06 and 2007/08, in contrast to an improving trend nationally. South Ayrshire's cleanliness rating is noticeably below the national average and is currently the lowest in Scotland.

Exhibit 13
Community safety initiatives

Detailed evaluations carried out by South Ayrshire's community safety partnership show the positive impact its initiatives have had.

- The Targeted Approach to Young People (TAYP) project ran from October 2007 to March 2008. It targeted young people in South Ayrshire at risk of, or involved in, drug and alcohol misuse. The project consisted of monthly sessions of outdoor activities run over a day and night, designed to promote team working and educate the young people on diversionary alternatives to substance misuse. Specific activities included canoeing, camp craft and hill walking. Eighty-three per cent of the young people participating admitted to taking illegal drugs and all admitted to consuming alcohol at some point in their lives. After the project, all felt that participating in outdoor activities would reduce the amount of drugs/alcohol they consumed.

- The SafeAyr Initiative has introduced taxi marshals and increased policing in Ayr town centre at night, particularly at the weekends. Evaluation of the SafeAyr initiative in February 2008 showed it has resulted in 83 per cent of residents feeling safer.

- The pathfinder project in November 2007 aimed to reduce antisocial behaviour by young people in South Ayrshire. Crimes committed by participants reduced by around 95 per cent following the project. Its success has led to subsequent pathfinders in February, June and October 2008.

- The winter safety initiative, between October 2007 and March 2008, reduced emergency hospital admissions among older people as a result of slips and falls by 17 per cent.

Source: South Ayrshire Council

172. An integrated grounds maintenance and street cleansing service delivery model being piloted in North Ayr has improved cleanliness, with the cleanliness rating in the area rising significantly between January 2008 and September 2008. The pilot is examining and challenging the established culture through a coordinated approach to delivering services that uses resources more flexibly, and promotes a learning culture where employees are encouraged to be proactive in improving service delivery.

Part 4. What needs to improve?
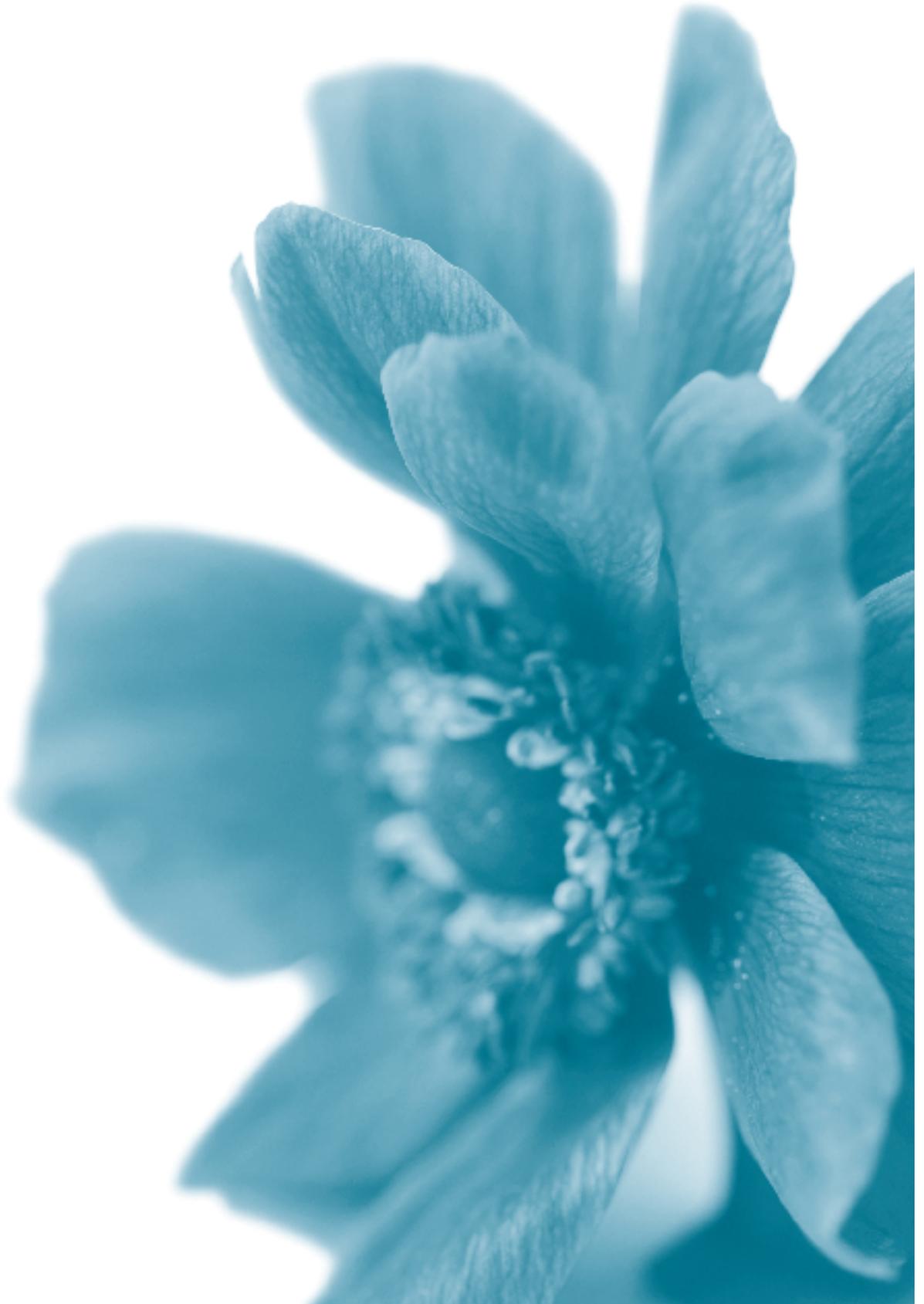
The council has recently made some important changes to support improvement, including new political and managerial structures, but it continues to face a very challenging improvement agenda, covering fundamental best value requirements including financial management, performance management, community planning, scrutiny, people management and customer service.

The council now expresses a clear commitment to developing Best Value and Community Planning and to establishing a stronger culture of improvement. It generally has a good degree of self-awareness of where improvement is needed and the chief executive is leading a comprehensive programme of organisational change and improvement.

Its capacity for improvement will be tested by the severe financial pressures it faces, the lack of improvement processes in place and the overall scale of the improvement required.

It is essential that members and officers fully understand the scale of improvement required. Within the resources it has available, the council needs to ensure its future improvement programme is realistic, clearly prioritised and has shared ownership among officers and members to ensure that it has the desired impact.

South Ayrshire Council improvement agenda

- Put in place a financial recovery strategy to guide the council to a more stable financial position and support this with more effective long-term financial management.

- Develop more clearly prioritised strategic plans that support the delivery of the council's vision and improvement plan and ensure these are integrated with the financial recovery strategy.

- Develop leadership capacity within the council, and, through a stronger corporate management team, drive a culture of continuous improvement and more effective corporate working.

- Clearly define the roles of members and senior officers in leading and managing the council.

- Introduce effective performance management processes to support the delivery of high-quality services and provide the public with more meaningful and balanced reports on council performance.

- Establish a systematic programme of service modernisation and review, prioritised around customer focus, improved service delivery, efficiency and contribution to the council's financial sustainability.

- Support the efficiency programme and the effective delivery of services by tackling staff absences, developing more effective workforce planning, rationalising assets, using more effective procurement processes and better identifying and managing risks.

- Complete implementation of core ICT systems, including the financial ledger, human resources and i-procurement systems.

- Adopt a more consistent approach to customer care and improve the accessibility of services.

- Strengthen joint working and the role of community planning to generate greater efficiency through shared services and asset management.

- Put in place a communication and engagement strategy in relation to customers, partners and staff.

- Build upon developments in political management and further strengthen governance and scrutiny arrangements by providing members with improved information and relevant training.

173. Over the last year, the council has begun to demonstrate a clear commitment to address its historical weaknesses, to develop Best Value and Community Planning and to establish a stronger culture of improvement. This is supported by a generally good degree of self-awareness of where improvement is needed, as reflected in its self-evaluation developed for this audit, and the chief executive leading a comprehensive programme of organisational change and improvement. It has recently made some important changes to support improvement, including new political and managerial structures.

174. The council faces a very challenging improvement agenda. A number of significant factors raise questions about its capacity to deliver this agenda, including:

- the lack of a successful track record of improvement, with many major improvement projects not being progressed or completed due to a lack of resources or management capacity to deliver them effectively

- severe resource constraints due to the very challenging financial position and lack of reserves

- the corporate improvement plan, *Strategy for Success*, lacking an emphasis on outcomes

- the need to develop a more positive culture of improvement and change, and introduce systematic review

- the wide ranging and challenging scale of improvement required to address the limited progress towards Best Value and Community Planning.

175. The lack of progress made during recent years gives some concern about the council's capacity for improvement, although the impact of the new chief executive, the recent restructuring and recent senior staff appointments do indicate that capacity is improving.

176. Due to the severe financial pressures the council faces, it needs to ensure its future improvement programme is effectively led and clearly prioritised within the resources it has available. Significant development is needed in key areas such as risk management, performance management and resource management, and improvement is needed in community planning and customer care to generate greater efficiency and contribute towards better quality services. Timescales for improvement need to be challenging but realistic, taking into account the available resources and specific actions require clear targets by which progress can be measured. The council generally demonstrates good awareness of where improvement is needed but it is essential that both members and officers fully understand the considerable scale of improvement required and take shared ownership of the improvement agenda.

177. The improvement agenda (page 37) takes account of the council's own identified improvement actions, areas for improvement identified by external audit in the 2007/08 annual report to members and the findings of the Best Value audit. It is designed to support the council in prioritising its improvement effort and its aim of consolidating its existing strategic improvement plans into a new corporate improvement agenda. The improvement plan will provide the basis for review and monitoring by the council's external auditor over the coming years.

South Ayrshire 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

AUDIT SCOTLAND