

The Audit of Best Value
and Community Planning

North Ayrshire Council



Prepared for the Accounts Commission
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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 45 joint boards and committees (including police and fire and rescue services).

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Commission findings



- 1.** The Accounts Commission accepts this report from the Controller of Audit on North Ayrshire Council's performance of its statutory duties on Best Value and Community Planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the council's overall performance is satisfactory and that it has fair prospects for future improvement.
- 2.** The Commission recognises encouraging signs since mid-2009 of a real increase in the commitment to addressing the key Best Value characteristics of performance management, improved resource management and the engagement of elected members in improvement activity. The Commission very much welcomes the aims of the council's change programme and the associated improvement activity.
- 3.** The Commission also welcomes evidence that North Ayrshire Council is performing well in some important service areas such as education, housing, social work, planning and libraries. The council has a clear focus on the challenges of its area and progress is being made in key outcomes related to caring for and supporting the most vulnerable people in the area.
- 4.** While recognising this progress and good service performance, the Commission notes that many of the activities and developments designed to secure a culture of continuous improvement are at an early stage and there is much still to be achieved. It is too soon in the current change process to form a judgement on its lasting impact.
- 5.** When looked at over the whole period since the first Best Value report on the council was published in 2005, the progress is disappointing. We welcome the council's awareness of its own development needs and urge it to continue to strengthen the process of change and improvement.
- 6.** The council must achieve demonstrable and enduring change in the key processes that ensure Best Value. This is essential if the council is to be able to sustain good service performance, extend that level of performance to other service areas and demonstrate that it is achieving value for money.
- 7.** In particular, the Commission urges the council to make progress in establishing sufficiently robust performance management arrangements to support elected members in their scrutiny role. The council also needs to develop a financial strategy and secure comprehensive improvement in its ability to demonstrate that it is using resources efficiently. Improvements in asset management and procurement of goods and services are essential to this. The council should continue to strengthen its work with health partners, and its approach to sharing resources with partners to address priority outcomes.
- 8.** The increasing commitment of elected members to their scrutiny role is encouraging. The Commission urges elected members to continue to develop this, and to play a full part in leading and supporting change management in the council. The council should ensure that managers are equipped with an understanding of continuous improvement and the capacity to implement change throughout the organisation.
- 9.** On behalf of the Commission, Audit Scotland will continue to work closely with other scrutiny bodies to deliver an annual shared risk assessment of North Ayrshire Council and agree a schedule for audit and inspection work to assess continued progress. External auditors will monitor progress on the key issues identified in these findings and report on them as part of the annual audit process, and the Controller of Audit will consider as appropriate whether to make a further report to the Commission.

Part 1. The audit of Best Value



Best Value 2

1. The statutory duty of Best Value in local government was introduced in the Local Government in Scotland Act 2003. In response, the Accounts Commission consulted on, and implemented, the audit of Best Value and Community Planning. Best Value audit reports have been published on all 32 councils in Scotland.

2. Best Value 2 (BV2) is the next phase of Best Value audit. It is carried out and reported under the same legislative framework, but the approach has moved on significantly from the 32 baseline audits. In particular, BV2 audits are:

- more proportionate and risk-based, reflecting more closely the particular issues faced by individual councils and their partners
- founded on a shared risk assessment process, conducted with colleagues from other local government inspectorates particularly Her Majesty's Inspectorate of Education (HMIE), the Social Work Inspection Agency (SWIA), the Scottish Housing Regulator (SHR) and the Care Commission
- more focused on impact and outcomes, and the difference the council and its partners are making for local communities
- designed to provide a more rounded view of partnership working in a local area, and the difference it is making.

North Ayrshire Council BV2 audit scope

3. BV2 is an important part of the wider scrutiny arrangements in councils in Scotland. Audit Scotland works closely with other local government inspectorates, undertaking a shared risk assessment process for all 32 local authorities, to support the delivery of well-targeted,

risk-based scrutiny. This process results in each council receiving an Assurance and Improvement Plan (AIP) each year which sets out the scrutiny activity that the council can expect to take place over a rolling three-year period. The first AIPs, which were published in July 2010, covered the period from April 2010 to March 2013.

4. The 2010 AIP for North Ayrshire identifies a BV2 audit as a significant part of the required response to local scrutiny risks. This was primarily due to the combined risks associated with the appointment of a new chief executive and the introduction of an ambitious and challenging change programme against the backdrop of a difficult economic climate. It was proposed that to maximise the impact of the audit it would be undertaken in 2010 in order to feed into and support the council's evolving improvement agenda.

5. We have drawn on the shared risk assessment and a range of available information from the council and from the other scrutiny bodies to enable us to target our BV2 audit activity on those areas where it would have greatest impact.

6. In particular, we have focused on testing and assessing:

- the effectiveness of leadership at North Ayrshire Council and whether the council has the culture and capacity needed to take forward its ambitious change programme
- what progress the council has made with improvement work since the first Best Value report on North Ayrshire was published in 2005
- what progress the council has made in implementing the change programme, including the extent to which recent changes to the planning framework, performance management systems and

self-evaluation processes are supporting improvement

- the impact of recent changes to local community planning arrangements
- how well the council, with its community planning partners, has responded to the challenges in delivering positive 'healthy and active' and 'working and training' outcomes for the people of North Ayrshire. These themes were identified in the AIP as areas for scrutiny because respectively:
 - North Ayrshire is below the national average for many health and well-being indicators and was not meeting 'health' and 'lifestyle' targets identified in the Single Outcome Agreement (SOA)
 - there was limited information to assess the progress the council and its partners were making with 'working and training' and high levels of unemployment and deprivation are significant challenges in the area
- how effectively the council manages its resources including people management and workforce planning arrangements, financial planning, monitoring of costs and value for money, asset management and procurement
- how well selected services are performing including the extent to which they are able to demonstrate value for money. The services selected are community and cultural services, environment and related services, infrastructure and design services, planning and targeted work on the council's review of building services. These services are selected as the AIP identified there was limited qualitative information and external scrutiny in these areas

- the process identified social services commissioning as a risk area. We worked with SWIA to assess what progress had been made in relation to improving commissioning and contracting since SWIA undertook a follow-up inspection of social work services in 2008.

7. The shared risk assessment process gave sufficient assurance in a number of areas where we did not have to conduct any detailed Best Value audit work. These include:

- progress in delivering outcomes for communities relating to 'safe and secure', 'learning and taking part', 'clean and green', 'for you and for everyone'
- progress with management arrangements such as public performance reporting, testing competitiveness of services, risk management arrangements and arrangements to develop and support equalities and sustainable development
- progress in delivering education and skills services, other than the audit work considering community and cultural services
- progress in delivering social services and housing, other than targeted work on social services commissioning and audit work on the council's review of building services.

While we did not undertake any detailed work in these areas we have reported the current position in a number of areas including risk management, equalities and sustainability.

About this audit report

8. The first Best Value report on North Ayrshire Council was published in 2005. The Accounts Commission's findings described the council as having the foundations for Best Value and Community Planning mostly

in place, in that it was engaging well with its local community and its community planning partners at a strategic level, and there was evidence of some good service performance and customer care. The Commission went on to highlight some areas for improvement including elected members needing to set a clearer direction and fulfil a more effective scrutiny role, the role of the corporate management team (CMT) to be more strategically focused and the establishment of better measures of cost and quality of services.

9. We carried out the BV2 audit in North Ayrshire between June and September 2010. The scoping phase took place during July, with the detailed audit work taking place in August 2010. We worked closely with colleagues from other inspectorates while undertaking the audit.

10. We gratefully acknowledge the co-operation and assistance provided to the audit team by the chief executive, Elma Murray; the leader of the council, Councillor David O'Neill; and all other elected members and staff involved. We are also grateful to the representatives of community planning partners for their participation.

Part 2. Overall conclusions



Summary conclusions

11. Progress has been slow in addressing key issues raised in the first Best Value report, in particular, performance management, scrutiny and the development of better cost and service performance information. Between 2005 and 2009 members and officers demonstrated insufficient momentum with these key areas for improvement.

12. There has been a considerable increase in the pace of change since June 2009. Much of this activity is in the early stages of implementation and while we consider that the council is focusing on the key issues, it is too early to assess its overall effectiveness.

13. The chief executive is leading a challenging change programme and has brought renewed vigour in improvement activity across all services. The aim of the programme is for the council to become 'a leaner, more innovative and flexible organisation, which is better able to respond to future change and challenges'. It is at the early stages of implementation.

14. North Ayrshire Council has recently strengthened its leadership arrangements with officers and members working better together. Political leadership is improving through more cross-party working following the implementation of the change sounding board. This is resulting in a clear focus on improvement.

15. Scrutiny is improving but is limited due to the variable quality of information presented to members. In particular performance management arrangements are underdeveloped and elected members are unable to assure themselves that the council is achieving Best Value. Elected members' understanding of, and commitment to, their scrutiny role is developing.

16. Progress with developing shared services with partners and other local authorities has been slow in recent years.

17. North Ayrshire Council shares a clear strategic focus with its partners on addressing the challenges facing the local community, which are significant given the levels of deprivation across the area. Partnership working is maturing; however, there have been tensions in the relationship between the council and NHS Ayrshire & Arran. Both organisations recognise this as an area for improvement and are actively addressing it. While there are improvements in most outcome areas performance is not consistent, particularly in relation to health and well-being targets, which are challenging given the area demographics and levels of deprivation. Performance management arrangements need to improve significantly in order to provide sufficient assurance to the community planning board that its desired outcomes are being delivered.

18. There are areas of good performance in the key services of education, social work and housing. Planning and libraries are also performing well. There remain areas for further improvement including improving the condition of the local roads and sport and leisure usage.

19. The council cannot yet demonstrate how efficiently and effectively it is using its resources because it uses limited quality and cost information to assess the value for money of services. However, it is improving its approach to resource management. Workforce planning is improving and there is good alignment between the council's workforce strategy and its change programme workstream for people management. Significant improvements are still needed in the council's arrangements for tendering and procurement, which display significant governance and accountability weaknesses,

and the council's approach to asset management remains underdeveloped.

20. The council recognises the financial challenges it faces and has reflected this in its current budget plans. While the council has some of the key financial plans and processes in place, it does not currently have an overarching financial strategy setting out its response to significant financial challenges facing the public sector. This would support medium to longer-term financial decisions focused on delivering the council's priorities within the available resources. This issue was highlighted in Audit Scotland's *Report to Members and the Controller of Audit on the 2009/10 Audit*.

21. While the council has established a good momentum for change it does not have a culture of continuous improvement systematically embedded across the organisation.

Performance assessment

22. The BV2 performance assessment provides two judgements on council performance. One assesses how well the council is performing and the other covers the council's prospects for improvement. Descriptions of each category can be found at [Appendix 1](#).

23. The council's overall performance is satisfactory:

- The council made slow progress in addressing the key issues raised in the 2005 Best Value audit report.
- Generally, services are performing well, including key areas such as education, social work and housing. The council performs less well in relation to the condition of local roads and sport and leisure usage.
- Performance management arrangements need to improve significantly. Without good quality performance information elected

members cannot effectively direct resources to areas where improvement is most needed.

- While progress is being made against most outcome areas, this is not consistent across all of them.
- The Community Planning Partnership (CPP) should identify and focus on key improvement areas, ensuring it has good quality performance information to monitor and direct progress against them, while ensuring resources are being used efficiently and effectively.
- User satisfaction levels are generally lower than the national average. The council has introduced arrangements for user consultation and can demonstrate elements of good practice; however, this is not applied consistently across the organisation.

24. The council has fair prospects for future improvement:

- It is developing more effective political and managerial leadership with elected members and senior officers working better together. However, there are some weaknesses in governance arrangements with insufficient adherence to financial regulations and standing orders.
- The council is aware of the improvements that it needs to make and has established a sound approach to delivering the change agenda. Staff are developing their understanding of the council's approach to continuous improvement, although a culture of continuous improvement is not yet embedded across the organisation.
- Performance management arrangements have been slow to develop, although the council is beginning to make progress in

this area. This will enable elected members to access better quality information in order for them to effectively scrutinise performance and discharge their duties for Best Value.

- Partnership working is developing. Partners have a shared vision for the area and while there are various examples of joint working at a local level, further work is needed to align resources.

25. We recognise that the pace and direction of change being established across the council should result in further improvements in the above key areas.

Areas for improvement

26. There are eight main areas for improvement for the council:

- The council has established an ambitious improvement agenda. While it has recognised and responded to the immediate need for additional skills and capacity to take this forward, it needs to ensure that it develops internal capacity and embeds improvement in its culture in the medium and longer term.
- Elected members and senior officers need to continue to show clear leadership to ensure that the vision for change is clearly shared and understood by staff at all levels and that a culture of continuous improvement is developed across the organisation.
- Robust performance management arrangements need to be embedded throughout the council and in the community planning arrangements. The pace of implementation since June 2009 needs to be sustained.
- The council has introduced arrangements for consulting with its users. It needs to ensure these arrangements are embedded across the organisation. Combining

the results of consultation with better information about cost and quality will enable the council to assess whether it is achieving value for money.

- While the council and its community planning partners have a clear shared vision for the area and good governance arrangements in place to deliver on it, further work is needed to ensure partner resources are directed effectively to priority areas.
- The council generally manages its resources effectively, however it needs to embed its arrangements for risk management and asset management. It would also benefit from establishing an overarching financial strategy in order to assess the overall impact of reduced funding.
- Council governance structures should be strengthened particularly regarding adherence to financial regulations and standing orders. Procurement arrangements need further improvement and should be embedded across the organisation.
- The council should consult regularly with staff as this will enable it to monitor whether the change programme and associated improvement activity is having a positive impact on the culture of the organisation.

Part 3.

Local context



North Ayrshire

27. North Ayrshire covers an area of 885 square km, split almost equally between the mainland and the islands of Arran and Cumbrae, with a mix of urban and rural areas. The population is around 135,510 and is estimated to decrease by 4.3 per cent between 2008 and 2033. However, it will be an increasingly older population with the number of people of pensionable age predicted to increase by around 26 per cent. The working age population and the number of children are expected to fall significantly over this period, in contrast with modest growths anticipated nationally. This demographic shift brings significant challenges for the council and its partners in relation to support services for the elderly, labour market restrictions, community sustainability and education provision.

28. While the islands of Arran, the Cumbraes and the northern coastal area of North Ayrshire are relatively advantaged, the area as a whole has relatively high and increasing levels of deprivation. In 2009, almost a quarter of North Ayrshire's datazones were in the 15 per cent most deprived areas of Scotland. Unemployment levels, crime rates and health and well-being in the area do not compare well with the Scottish averages. Educational attainment is good and improving in primary schools; however, it is generally below the national average at secondary school level. The percentage of pupils going on to higher and further education is higher than average.

29. The challenge for the council and its partners is to encourage growth in the employment market to allow these skilled young people to stay in North Ayrshire. The availability and mix of employment opportunities in North Ayrshire present significant issues for the area. Job density is low at 0.58 jobs per person compared to 0.8 nationally. The local employment market relies more on manufacturing and tourism than elsewhere in Scotland. There are fewer

employment opportunities in finance, IT and business sectors. There are also more limited managerial and professional employment opportunities.

The council

30. North Ayrshire Council shares local authority boundaries with East Ayrshire, South Ayrshire, Inverclyde, Renfrewshire and East Renfrewshire. It has eight electoral wards and has 30 elected members. The political makeup is 12 Labour, eight SNP, six Independent, two Conservative and two Liberal Democrat members.

31. The council has been a Labour administration since it was established in 1995/96. The leader of the council has been in this role since May 1999. At the May 2007 election, the Labour group lost a long-held majority position (previously 20 of the 30 members) and established a minority administration. Following the election, the council adopted a cabinet model for decision-making. The council's executive consists of six administration members, each with a portfolio role and is chaired by the leader of the council. There are no opposition members on the executive but seven of the ten members on the council's scrutiny committee are opposition and it is chaired by an independent member.

32. A new chief executive was appointed in the summer of 2009. Since then she has led a programme of restructuring of the organisation including the management team and the council departments. The council is currently at the early stages of a major change programme. The change programme is a coordinated approach to managing restructuring and improvements in the council's corporate arrangements and services over the next three to five years.

33. As at 31 March 2010, the council employed 6,065 full-time equivalent staff. This is 44.8 members of staff per 1,000 head of population, slightly below the average for Scotland of 48.2.

The estimated net expenditure of the council for 2010/11 is £346.4 million. This equates to £2,556 expenditure per head of population, slightly above the average for Scotland of £2,490.

Part 4. Is the council working effectively with its partners to improve North Ayrshire?



The council and its partners have a shared vision for the area that is based on a clear understanding of the context and the challenges facing them. Performance management remains underdeveloped and needs to improve to enable partners to effectively monitor progress against identified outcomes. While there are examples of joint working at a local level, more could be done to make better use of resources across partner agencies.

Are they focused on the challenges for North Ayrshire?

34. North Ayrshire’s CPP includes: NHS Ayrshire & Arran, Strathclyde Police, Strathclyde Fire & Rescue, Strathclyde Partnership for Transport, Scottish Enterprise, Skills Development Scotland, Jobcentre Plus and the Scottish Government. The Community Planning board (CP board) is supported by the Community Planning management group (CP management group) and five thematic partnerships: the Community Health Partnership Committee; North Ayrshire Economic and Learning Partnership; Safer North Ayrshire Partnership; North Ayrshire Environment Partnership; and North Ayrshire Housing Partnership.

35. The council and its partners have a clear understanding of the context within which they are operating, the communities they serve and the challenges facing them. The work of the partnership focuses on the challenges of the area. The partnership has a very broad vision for the area ‘North Ayrshire – A Better Life’, articulated through seven priority themes (Exhibit 1).

36. The vision is clearly set out in the SOA which replaced the previous community plan (2006–16) and council plan (2008–11). The partnership has streamlined the original SOA action plan and significantly reduced the number of actions contained within it, enabling it to focus more effectively



on the priority areas and to respond to new challenges as required.

37. The CP board has recently revised its priorities to focus on prevention and early intervention in three key areas: worklessness, health inequalities and community safety. This has been a useful step in clarifying the immediate priorities while retaining the breadth of the overall vision. The council reintroduced a council plan in June 2010 which helped clarify the council’s key role in taking forward partnership objectives. This has also helped to address a perceived gap between the SOA and the council’s service plans.

38. Partnership working is developing across North Ayrshire. Following a review of the community planning arrangements in 2008, the roles and responsibilities were clarified across all levels. Partnership groups were reorganised into the five thematic partnerships, (including the Community Health Partnership (CHP)), that collectively cover all of the thematic priorities, and the reporting lines of subgroups were clarified.

There is now greater clarity in what is expected of them in delivering against outcomes and reporting on performance. At the same time, the remit of the CP management group was enhanced to provide a clearer focus on monitoring and driving forward delivery of the SOA.

39. Elected members are developing their leadership of community planning, becoming increasingly active and engaged in overseeing the delivery of strategic priorities. Both the leader of the council and the chair of the CPP are engaged in setting the strategic direction for partnership working through the CP board. The leader of the council is the chair of the CHP and also on the board of NHS Ayrshire & Arran. The chair of the CPP is also on the CHP and is the community portfolio holder within the council. Their involvement is ensuring good strategic integration between the council and partnership structures. Elected members are encouraging partner agencies to increase joint resourcing and seek opportunities for sharing budgets; however, this is at the early stages of development and the impact so far is limited.

40. The community planning review encouraged greater elected member involvement in community planning, which both officers and elected members recognised was required. The partnership is increasing cross-party representation at all levels of the CPP, including the CHP, with over half of members now directly involved in community planning. This has been beneficial in supporting elected members as they further develop into their strategic role. Representatives from partner organisations also have key roles, such as the police chairing the Safer North Ayrshire thematic partnership and the NHS representative from the CP management group now leading work developing partners' roles in delivering against the three priorities for 2010.

41. Performance reporting arrangements require further development. The community planning review emphasised the CP board's overall responsibility for performance management and monitoring. The strategic groups report to the CP management group and then on to the board. Performance management arrangements need to improve significantly. The board monitors the SOA action plan; however, during the year it only monitors progress with actions rather than progress of outcome performance measures. This has led to the board only discovering at the end of the final quarter for 2009/10 that less than half of outcome measures had been met. Performance reporting needs to bring together partnership actions with their related outcome measures to ensure the board can evaluate delivery against their desired outcomes. The board recognises that the current situation is not satisfactory and is looking at alternative ways of reporting performance.

42. The partnership has good arrangements in place for engaging with its communities including a people's panel which it regularly uses for surveys and focus groups.

This gives it a better understanding of the local context and how the partnership's approach to outcome themes is impacting on local communities. Surveys on the priorities have confirmed public support for them. The partnership held its second community planning week in May 2010. The aim of the week is to raise awareness of community planning, the partnership and its vision. A number of different events were held across North Ayrshire with community partners meeting with members of the public.

Does the council have the support of its partners to deliver improvements for North Ayrshire?

43. Although overall relationships with partners are good, there have been tensions in the relationship between the council and health. The council and NHS Ayrshire & Arran recognise the need to develop a better understanding of how they can work more effectively together. The new corporate director of social services and health is leading this agenda from the council's perspective. The main issues and areas to improve are:

- the need to establish a shared view on the CHP arrangements and how to achieve greater integration between management structures, staffing and budgets
- the need to ensure that, where possible, relevant strategies, plans and policies are developed in partnership and integrated into the thematic workstreams.

44. The council represents a significant proportion of the CP board – six of 15 members of the board. Concerns have been raised by community planning partners about the consequent inequality within the partnership. This is increasingly important as reductions in public sector funding put pressure on future budgets and difficult decisions may need to be taken. It is for each CPP to determine its own governance

arrangements; however, the board should consider whether its makeup adequately reflects the composition of the partnership.

45. The council and the police work well together. The local Police Superintendent, as well as being the chair of the Safer North Ayrshire Partnership has, since March 2010, taken on the role of corporate director for community safety within the council. He reports to the chief executive on community safety matters and is a member of the council's strategic management team. He is employed by Strathclyde Police and continues to be responsible for police operational matters. This has helped focus community safety work and provided for better integration between council staff and local police officers.

46. The chief executive has introduced a strategic management team including chief officers from NHS Ayrshire & Arran, Strathclyde Police and the Irvine Bay Regeneration Company (IBRC). This has created the opportunity to identify and discuss common issues. This is a positive approach to develop strong relationships in light of the difficult financial times ahead across the public sector. This complements the CP structures, providing a forum for parties to identify joint issues and approaches and develop those before formalising plans through the CPP. However, this arrangement is recent and not yet mature enough to allow us to assess its effectiveness.

47. The partnership has been working to further develop joint working. A pilot project has been carried out with services for people who misuse alcohol to work through the responsibilities of each member of the partnership to support this client group. This potentially presents a useful model for building effective joint working. Another project to further develop joint working is being led by the CHP, reviewing resources used in supporting children

with complex needs. This is being developed as part of the national Integrated Resource Framework with the other Ayrshire councils. While there are many examples of good joint working at a local level more could be done to co-locate services and share resources between partner agencies. This could generate further efficiency savings.

Part 5. What has the council and its partners achieved?



The council and its partners are making progress in most outcome areas. However, progress in improving the health and well-being of communities remains a challenge, particularly given the demographics of the area. There are good examples of joint initiatives across all outcome areas.

What progress has there been in addressing the challenges for North Ayrshire?

48. The partnership is able to demonstrate that it is making progress across the selected outcome themes of 'healthy and active', 'caring and supportive' and 'working and training'. However, a number of the measures such as life expectancy and the level of unemployment are long term and will take time to show the impact of intervention. Progress is broadly from a low starting point and deprivation levels are getting worse, which make these a significant challenge for the partnership to redress.

49. In some cases, the partnership has deliberately set the same outcomes across different strategic themes, for example drugs and alcohol misuse is tasked against both 'healthy and active', and 'caring and supportive'. This helps to ensure an integrated approach is taken particularly for client groups requiring a combination of services. Elected members are leading work to identify total budgets for shared priorities, through identifying what individual partners spend and bringing that into a whole. Until that is further developed, the partnership is not able to assess the impact that it is achieving for spend against priority areas.

50. In the following section we have made an assessment against the overarching strategic theme of the CPP, rather than a detailed commentary on individual priority areas, as initiatives and performance measures can be cross-cutting over several priorities.

Healthy and active

51. The CHP is responsible for leading on both the 'healthy and active' and 'caring and supportive' themes on behalf of the CPP. The CHP's priorities for 'healthy and active' are:

- health and well-being throughout life have improved
- health inequalities have reduced
- the harmful effects of drugs and alcohol misuse are reduced
- people are more active more often.

52. More progress is needed in addressing these priorities. Although there are many examples of good initiatives at an operational level to promote improved health and activity, available measures indicate comparatively poor health outcomes in North Ayrshire. The partnership recognises this and since the review of the CHP in 2008 much of the strategic work of the CHP has been establishing new structures and strategies to take forward its priorities.

53. Examples of the comparatively poor outcomes include life expectancy levels that are below the national average and notable differences in mortality rates from respiratory and coronary heart disease for those in the more deprived areas. For example, mortality rates from coronary heart disease in the more deprived areas are 32.6 per 100,000 people, 22 per 100,000 people higher than for the rest of the North Ayrshire area. A similar situation is found in relation to the mortality rates for cancer with 54 per 100,000 in the more deprived areas compared to 22 in the rest of the area.

54. Increasing levels of deprivation in parts of the area make it challenging for the partnership to improve on these outcomes. The CPP recognises this as a significant issue and identifies the interdependence of prosperity and employment levels in the area with improving health outcomes. The partnership also

considers this an issue that cannot be tackled in isolation and the council, with support from partners, has been in correspondence with the Scottish and UK governments in relation to support for addressing deprivation in the area.

55. Other indicators illustrate further areas for improvement for the partnership. For example, hospital admissions for alcohol and drug misuse are both higher than the national average. The number of deaths from alcohol-related disease has almost doubled since 2007, from 19.2 per 100,000 population in 2006/07 to 36.2 in 2008/09. The number of drug and alcohol assessments undertaken has reduced (408 in 2006/07 to 336 in 2009/10) but the number accessing treatment and care has been maintained at around 550 since 2006/07. The partnership established an alcohol and drugs partnership subgroup of the CHP in October 2009 to focus on this issue. This group has developed a strategy and action plan for young people with addiction issues and recently completed an assessment of the needs of the wider community.

56. There are indications of a positive direction of travel in tackling mental health. A mental health rating system indicates improvement across the area, and suicide rates show some signs of improvement from 20.6 per 100,000 population in 2006/07 to 17.7 per 100,000 population in 2008/09. Current work in this area includes the development of mental health crisis services and specific actions such as the installation of a telecare link on the mainland to provide mental health counselling on Millport and Arran.

57. There is a wide range of good health improvement initiatives being taken forward operationally. For example, projects focused on harder to reach people in communities such as 'Street Nurses' in community settings and advice centres in shopping centres. However, the impact of these initiatives is not

clearly evidenced. An example where there is clear evidence is improving children's oral hygiene. The proportion of children with no dental cavities in primary 1 improved to just over 60 per cent in 2007/08 from 48 per cent in 2005/06. This has been achieved through effective partnership delivery of the national Childsmile programme.

58. The 'active' element of this partnership theme has not been coordinated effectively but this is now being addressed. A recently produced sports and physical activity strategy (*North Ayrshire: Fit for the Future 2010–15*), led by the council and arm's length sports and leisure services provider, was not integrated with the work of the CHP. It has now been included in the 2010/11 SOA action plan. However, there are examples of initiatives to promote an active lifestyle which are integrated parts of the CHP work. These include projects such as the 'B Active' scheme which uses a mobile physical activity unit to provide community outreach services and family fun days. Other initiatives include jogging groups and the 'Green Gym', an initiative that involves volunteers in gardening and similar projects to promote physical and mental well-being.

Caring and supportive

59. Outcome measures indicate that progress is being made in caring for and supporting the most vulnerable people in the area. The CHP priorities under this theme are:

- opportunities to support the positive development of vulnerable young children have increased
- the harmful effects of drugs and alcohol misuse are reduced
- more vulnerable people are supported within their own communities
- levels of homelessness have reduced
- the quality of social housing has improved

- availability of affordable housing has improved
- fewer people are living in poverty.

60. There is good progress on developing strategies and arrangements to support early intervention for vulnerable young children. The partnership targets for priority nursery places and day-care places available for vulnerable 0-3 year-olds were met in 2009/10 and all of the pre-school centres received positive inspection reports. An integrated children's services plan is in place and a number of supporting strategies are being developed such as a family support and parenting strategy and an early years action plan to support implementation of the national Early Years Framework. One of the projects to support families with young children, 'Family Connexions', uses a multi-disciplinary team in a nursery centre. The team consists of health visitors, social workers, addiction services staff and nursery staff. The aim of the project is to provide early intervention for families assessed as vulnerable. The CHP report a positive impact on the relevant families and plan to mainstream the lessons from this initiative.

61. There has been good progress in supporting other groups of vulnerable people. For example, there are no longer any delayed discharges from hospital. The level of homecare for older people is also steadily improving, although it remains slightly below the national average at 477.1 hours per 1,000 people over 65 in 2008/09 compared to 497.5 per 1,000 people nationally. The proportion of older people receiving intensive homecare services has met the partnership's target for 2009/10.

62. The housing service was recognised by SHR in its 2008 inspection report as having an excellent homeless service with good progress in managing homelessness and supporting homeless people. There is a significant reduction

in the number of homelessness presentations, with a 22 per cent reduction in those presenting as homeless in 2009/10 exceeding the partnership's target of a five per cent reduction. However, the proportion of people re-presenting as homeless within a 12-month period has increased from five per cent in 2006/07 to ten per cent in 2009/10. The council is responsive to these indicators and found that over a third of those re-presenting chose not to complete the process. The council is developing improvement plans to address these issues.

Working and training

63. The partnership's priorities under this theme are:

- North Ayrshire is a more attractive place to do business
- North Ayrshire has more of an enterprise culture
- more people are in work and training
- more people are in high-value, high-wage jobs
- more young people are leaving schools for positive destinations (further or higher education, employment or training).

64. The partnership is making progress in some of the key performance measures against this theme and in taking forward plans for the regeneration of the area. This is against a context of significant challenges in terms of deprivation and high levels of unemployment. The current financial downturn poses significant risks to the financing of regeneration plans.

65. The partnership is working with local small to medium-sized companies to support them to survive, expand and grow. This is being taken forward through the Business Gateway and business support services. North Ayrshire Council is the lead authority for

Business Gateway which delivers business development services for the whole of Ayrshire. The partnership has had success in supporting new and existing businesses. It performed 12 per cent above target for business start-ups in 2008/09. Business support services have also been successful, supporting over 170 businesses (resulting in a projected 270 new jobs created) and safeguarding over 970 jobs in the same time period.

66. The council's business development function received a positive assessment from an independent evaluation undertaken by external consultants in July 2010. This found that service users and stakeholders, including the business sector, had high levels of satisfaction and the service had generated additional economic impacts to the area. It also identified some areas for improvement including speeding up access to loan funding and improved communication on the services the council can offer.

67. In addition to supporting new and existing businesses, the partnership also delivers programmes aimed at addressing the high levels of unemployment in the area, through employability programmes. The CPP has had success in delivering against programmes aimed at getting people back into work. Over 2,970 people are registered with the programme, with 927 progressing into work and over 830 into education or training, in line with targets. Although North Ayrshire is making progress in supporting business growth, unemployment rates remain above the Scottish average.

68. IBRC has a key role in making North Ayrshire a more attractive place to do business, through leveraging investment and development into key areas. The legacy of past town growth and the positioning of the railway has presented difficulties in making the most of the area's coastal asset. IBRC has developed a masterplan for the Irvine Bay area with the aim of addressing these issues and bringing in the necessary

infrastructure and development to support business growth and improve the tourist potential of the area. At July 2010, £17.5 million had been invested in key projects, land acquisitions and site preparations to facilitate development. Most of the larger scale developments are in the planning stage, such as the Irvine Harbour mixed-use development, with 330 homes, leisure and business facilities and Ardrossan North shore, designed to bring in 4,000 square metres of office space, new public space and 400 new homes.

69. The current financial downturn poses significant risks to the financing of regeneration plans and the delivery of the partnership's priorities under 'working and training'. In an effort to respond to the continuing economic challenges the partnership is currently renewing its economic strategy, to clarify what can be delivered within the funding available going forward.

Part 6. Is the council managing and using its resources effectively?



The 2005 Best Value audit report highlighted areas for improvement in corporate processes for managing resources effectively. Until recently progress with these improvements was slow. The pace of change in relation to improving workforce management, asset management and its approach to dealing with customers has improved significantly since 2009.

The council manages its finances effectively. It faces significant financial decisions over the next few years and needs a clear strategic financial plan to provide a common framework for members and officers to plan and implement these decisions.

The council is not able to demonstrate how efficiently and effectively it is using its resources as there is limited quality and cost information to assess the value for money of services. The council needs to improve the quality of information provided to members to support effective decision-making, scrutiny and accountability.

Financial planning

70. The council manages its finances effectively. However, all councils face a difficult financial outlook, with the need to provide and maintain quality services while achieving an unprecedented level of savings and efficiencies. While the council has been able to manage its revenue expenditure in the short term, it does not have an over-arching financial strategy. This will make it difficult to assess the overall impact of reduced funding across the organisation going forward.

71. The council recognises the need to take immediate action to reduce costs for future years and key decisions are imminent. The council's budget for 2010/11 reflected the need for £9.2 million in efficiencies and savings, and the council is working to make further savings of 18 per cent, approximately £64 million, over the three years from 2011/12 following

the UK government spending review. The council's change programme is focusing on service development and improvement within this financial context and is considering different delivery options that will offer cost savings.

72. The budget-setting process uses the prior year budget for each service as a base on which to build a three-year budget. Services are provided with service planning and budgeting guidance, and advised on how to identify capital and resource implications. Once draft budgets have been developed there are a series of cross-party member seminars to discuss the proposals. Budget monitoring reports are presented to the executive, and the following scrutiny committee, on four occasions throughout the financial year. Officers also monitor budgets and talk to services regarding progress on a monthly basis.

73. The council's management of its capital spend has been less effective with continued slippage and failure to implement the planned capital programme on an ongoing basis. The council has implemented a capital working group. This is attended by senior officers from each service and chaired by the corporate director (Finance & Infrastructure). The purpose of the group is to identify slippage and select projects that can be brought forward. It is not yet possible to assess the effectiveness of this group.

Workforce planning and management

74. There are recent improvements to workforce management and planning including the introduction of a revised workforce strategy in July 2010 which addresses the issues of the size and profile of the workforce and absence management. The council recognises where further improvement is needed and staff and workforce management is a significant part of the change agenda and has been included as a specific work stream in the change programme.

75. The council recognises the importance of addressing the size and profile of the workforce. Initial steps have been taken by tightening vacancy management procedures, minimising the use of agency workers and initiating a voluntary severance arrangement. The age profile of the workforce is a significant consideration, with almost 40 per cent of staff over 50 years of age. This gives the council specific issues regarding succession planning.

76. Absence levels in the council are poor. In 2009/10, staff absence cost North Ayrshire Council £8.7 million. The council has made improvements to its absence arrangements and has increased the level of monitoring and scrutiny of the data. It is too early to assess the effectiveness of the improvements longer term, but early indications are good with the most recent reports showing improvements.

77. There are recognised gaps in the arrangements for managing people, with appropriate actions planned. These include:

- leadership and management development at the senior level
- providing middle managers with change management skills
- rolling out of a competency-based appointment and appraisal system.

These arrangements are important to the effective implementation of the change programme and urgent progress is needed to ensure these are in place.

78. The council has recently made significant improvements to communications with staff, including a range of approaches for the chief executive to communicate the change agenda to staff. The council recognises the need to develop a structured approach to surveying staff and have identified this as an improvement action in the

corporate Public Sector Improvement Framework (PSIF) improvement plan.

Asset management

79. The council has been slow to develop its approach to asset management and there is limited evidence of working with partners to jointly rationalise assets. It does recognise this as an issue and has recently drafted a corporate asset management strategy and improvement plan. It has also just completed a conditions survey of its housing stock. The 'Our future working environment' working group is developing an approach to make the most effective and efficient use of property assets.

Risk management

80. The council is making good progress in developing its approach to managing risk but it is too early to assess the effectiveness of the arrangements. A risk management strategy is in place with strategic and service risks established by the CMT with the assistance of the risk and insurance manager. Further work is needed to embed this approach across all service areas.

Procurement

81. Improvement is needed in the council's arrangements for procurement. The council is failing to achieve best value for its procurement activities. In 2009, the Scottish Government promoted the use of an annual procurement capability assessment to review performance in all public sector bodies and as a basis for the sharing of best practice and continuous improvement. North Ayrshire Council scored 17 per cent in this exercise which is a low score and classified as non-conformance. This means that the council did not have sufficient policies and processes in place to deliver an effective and efficient procurement service. The council is putting measures in place to address the issues raised through the assessment in advance of a follow-up review.

82. The results of the capability assessment are borne out by weaknesses identified as part of the annual audit process which found that road services did not adhere to standing orders during tendering processes, and social services made significant advanced payments for goods and services to be provided in breach of financial regulations and standing orders.

Efficiency

83. The council has made good progress with its efficiency agenda. The 2009/10 Efficiency Statement concluded that 'North Ayrshire Council has achieved cashable efficiency gains totalling £6.197 million in 2009/10'. The council recognises the current financial climate makes it imperative to continue to achieve efficiency savings of this scale and it is addressing this through the council's change programme.

Shared services

84. Progress with developing shared services has been slow since 2005 but the focus on this agenda has increased recently. Internally, North Ayrshire Council has established a specific workstream within its change programme to address the shared services agenda and a pan-Ayrshire shared services project board has been established to lead this agenda across North, South and East Ayrshire. The board includes senior officials from the three Ayrshire councils and NHS Ayrshire & Arran. The board is considering a range of functions for potential shared services. These include services such as the provision of ICT in schools, roads services and social services stand-by arrangements. The board reports to the Ayrshire Shared Services Group, established in 2006. This group includes political leaders and chief executives from the three Ayrshire councils as well as NHS Ayrshire & Arran. The relative objectives and the roles and responsibilities of both groups are not clear and need further clarification to assist focused work on this agenda.

85. Recent progress has been made on developing a shared service model for the regulatory service functions of environmental health, building standards and trading standards. In October 2010, the councils agreed to establish a joint committee, as an interim step to establishing a joint board, which will undertake the regulatory functions across Ayrshire. This model is anticipated to achieve financial benefits to all three councils; however, these have still to be identified, and will not be confirmed until the joint committee makes its decisions on staffing structures and service budget.

Customer care

86. The council is currently reviewing its approach to customer care through a strand of the council's change programme, 'Improving our customer service'. This workstream will look at consolidating opportunities for streamlining customer contact, reviewing local offices to see whether assets can be rationalised and using technology to bring more efficient ways of working. It is also tasked with delivering a council-wide strategy for customer services, after the change programme has identified how customer services should be taken forward at a corporate level.

87. The council has been slow to push forward with a corporate approach to customer services. The council has only recently agreed to merge its two customer contact centres following a review of building services. The contact centre is undertaking pilot work to demonstrate it can bring more services under its remit. The change programme will identify other services that can be delivered through the contact centre.

88. The contact centre has a strong focus on trying to improve the customer experience through identifying how improved service delivery or better information can reduce customer contact. The contact centre works to identify common causes of customers getting in touch with the council and works with

services to try and find solutions, such as improved publicity on services or improving how services are delivered. This is built into service level agreements and the contact centre has regular meetings with services to improve customer contact. The contact centre has also developed a bank of multi-skilled staff to cover local offices in rural locations, introduced a competency-based performance appraisal framework and introduced performance measures, such as cost per call. Following an analysis of the cost per call (£0.70 per minute at December 2009 compared to its target of £0.50 per minute) the council is currently reviewing its target, in light of their commitment to resolve calls at first point of contact. The contact centre has achieved the Contact Centre Association Global Standard award and Investors in People.

89. There are good examples of where the council gathers the views of citizens and service users to help inform service delivery. These include tenants' and residents' networks and survey work undertaken through the contact centre. Education and skills also routinely survey the views of parents and pupils. Survey activity is driven by services, with support from the customer service team, but this is not yet coordinated centrally to make it most effective and avoid duplication. As the council's residents' survey takes place only every four years, it is important other activity is drawn together to ensure the council has a comprehensive picture of the views of citizens and service users.

What progress has the council made in promoting sustainability?

90. The council and its partners are aware of the wider impact of sustainable development for achieving their priorities. Sustainability issues are clearly reflected in the CPP themes. Environmental issues are captured through the 'clean and green' theme and consideration of economic and social sustainability is evident throughout a number of

themes, for example through the partnership's focus on regeneration.

91. The council demonstrates a positive approach to addressing sustainability. Environmental, economic and social sustainability are clearly evident in the council's strategic planning. Environmental sustainability is also reflected in decision-making processes. The council undertakes environmental impact assessments of policies and strategies, where these are considered to be necessary, including one of the area as part of the local development plan.

92. The council has a carbon management plan and a carbon management team, tasked with taking this agenda forward. The council has reduced its carbon emissions by 4.3 per cent over the last four years. It is developing a waste strategy and implementation plan with the aim of further improving its management of waste disposal. It is the lead authority in an Ayrshire-wide project to develop an energy from waste facility and is one of the lead organisations in developing the Ayrshire biodiversity action plan.

93. The council promotes social and economic sustainability through community capacity building within its local communities. It is working with communities to support the transfer of services to community groups, in areas such as out-of-school care, and sports club development programmes. The North Ayrshire Economic and Learning Partnership has developed a social enterprise support programme, Opp2mise. This programme aims to assist social enterprises and encourage them to develop from grass-roots community organisations to more commercially orientated enterprises.

What progress has the council made in promoting equalities?

94. Equalities issues are clearly incorporated into the work of the

council and the CPP through the 'for you and for everyone' theme. The partnership shows awareness and understanding of equalities issues beyond the statutory elements and they make use of a range of forums to inform and develop their work, such as the People's Panel and the Ayrshire Equalities Partnership. However, there are insufficient measures in the SOA to demonstrate that they are making progress across their intended outcomes in this theme.

95. The council and its partners can demonstrate some positive outcomes in relation to promoting equalities. The council has made improvements in the percentage of its buildings that are accessible to disabled people, increasing this by more than ten per cent over the last two years. People's panel focus group outputs show that public perception on whether 'people from different backgrounds' get on well together rose from 49 per cent agreeing to this statement in 2008, to 57 per cent in 2009.

96. The council is committed to addressing equalities issues and proactively identifies areas for improvement. It has undertaken a range of assessments and reviews to inform its approach, including an internal equalities review, and research commissions on specific equalities issues such as violence against women. Through this review work the council has identified that it needs to better integrate equalities considerations into service planning.

97. The council has a number of arrangements in place to support its approach to equalities, including a Single Equalities Scheme and a Corporate Equality Officers Group. Committee reports contain a section for outlining any assessed impact on equalities of the proposed policy or action. The council also undertakes equality impact assessments, although it recognises that these could be more comprehensive.

Part 7. How good are council services and are they improving?



Services generally perform well with the key services of education, social work and housing receiving positive external inspection reports. Other services, including planning and library services, are also performing well although there are areas for improvement including the maintenance of the local roads condition and use of sports and leisure facilities. Residents' satisfaction levels with services are not strong and this remains an area for the council's attention.

98. Services generally perform well with external scrutiny inspections in education, social work and housing having all reported positively about council services. The housing benefits service has recently been assessed as performing to a high standard. Planning services also perform well. It is among the top performing authorities for processing planning applications and benchmarks its activities with other authorities. Other services would benefit in sharing the learning and experience from these services.

99. The council acknowledges the importance of taking a planned approach to service delivery; however, it has limited evidence to enable it to demonstrate value for money. Procedures and processes need to be developed that will enable the council to both achieve value for money and demonstrate that it has been achieved.

User satisfaction

100. The results of the council's last household survey in 2007 show that people are generally satisfied with the council overall and the services it provides (53 per cent satisfaction). However, the Scottish Household Survey (SHS) asked residents whether 'my council provides high-quality services', with North Ayrshire scoring 35 per cent compared to 41 per cent nationally. Residents were also asked whether 'my council does the best it can with money available' for which it also scored 35 per cent compared to 36 per cent nationally. Libraries, special refuse uplifts and

recycling centres showed the greatest levels of satisfaction while more than a quarter of people responding to the survey were dissatisfied with the sporting facilities.

101. The council needs to draw together the work it does across the organisation on evaluating user satisfaction. North Ayrshire has been one of six councils involved in a pilot with the Improvement Service, being taken forward through the customer contact centre. This should provide a good basis for developing a corporate approach.

Education services

102. Overall, education services perform well. Early years provision is very strong and supports the most vulnerable children very well. Attainment and achievement is good and improving in primary schools. The council recognises the need to continue to improve attainment in secondary schools where educational attainment is generally below the national average. The number of exclusions is declining.

103. The number of pupils staying on at school into the fifth and sixth years is below average. However, the percentage of pupils going on to higher and further education are comparatively positive, with figures in line with the Scottish average at 34.2 per cent for higher education and above average at 31.9 per cent for further education compared to 27 per cent nationally. There have been improvements in both of these measures in recent years.

Culture and community services

104. Culture and community services were brought together under a new service grouping in April 2010. This involved a restructuring leading to a rationalisation of management and senior posts resulting in a saving of approx £800,000. The impact of this in terms of sustaining current good performance will be an area for the council to monitor going forward. There is not yet a performance report bringing together information across

the range of culture and community services and this is something the council needs to address.

105. HMIE has evaluated community learning and development services as strong. There has been considerable work done in some of the most deprived communities to engage learners of all ages and to support families. The service was making progress against its targets for increasing participants in lifelong learning and participants reporting their knowledge and skills had increased. Overall levels of working age people with qualifications is in line with the Scottish average; however, the levels for those with qualifications above NVQ1 are lower than average.

106. Performance on library services is assessed through an external evaluation using the Public Library Quality Improvement Matrix Framework. The library service received a positive report, being assessed as 'very good' in most areas and 'good' in the remaining two in relation to the themes of 'personal and community participation' and 'meeting readers' needs'. The council was in the second quartile for performance in relation to library services in 2008/09. Performance in relation to library visits per 1,000 population improved in 2009/10; however, performance has worsened slightly for number of borrowers as a per cent of the resident population. The SHS results show library users having high levels of satisfaction (91 per cent). This is around the national average. Our analysis of financial information showed expenditure per visit and cost per library borrower to be lower than for Scotland and for all except one of the comparator authorities. Library services are delivering value for money given low costs, good performance in relation to key aspects of service delivery and high levels of user satisfaction.

107. Performance with sport and leisure is below average in terms of the Statutory Performance

Indicators (SPIs). The council has been looking at options for replacing the Magnum leisure facility which is no longer fit for purpose. However, progress on this has slowed and the council is now reviewing the site and alternative methods of financing. The council was in the bottom quartile for swimming pool usage and performance has worsened from 2008/09 to 2009/10. Performance was better for indoor sports and leisure facilities, with the council ranked 16 in 2008/09 and performance improving in 2009/10. The SHS indicates higher levels of dissatisfaction with sports and leisure facilities compared to Scotland overall. Our analysis of financial information showed that net revenue expenditure for sports facilities per head of population and for sports facilities per attendance at sports facilities is higher than the Scottish average. Sport and leisure services are not delivering value for money given the poor service performance, high levels of dissatisfaction and higher costs than comparator authorities.

Social services

108. Adult and children's social services show an overall positive picture of improving performance. There is stronger performance in children's services and criminal justice with good results on keeping more looked after and accommodated children within the authority and achieving good educational attainment.

109. SWIA undertook a performance inspection in April 2007 and a follow-up was undertaken in December 2008. The 2007 inspection evaluated the service with one 'very good', five 'good' and four 'adequate' categories. The report identified support and outcomes for older people as an area for improvement. The follow-up inspection showed good progress, but identified strategic planning and commissioning issues, and that proactive performance management was not as well developed in community care as in child care.

110. The council has made progress on some aspects of commissioning. A joint commissioning strategy for older people has been developed, as well as a joint commissioning framework for child care services. A contracting team has been established within social services which provides improved oversight and undertakes the regular review of services purchased from the voluntary and private sectors. However, there has been little progress on developing an over-arching commissioning strategy for social services or identifying joint priorities and opportunities for collaborative commissioning with colleagues in health.

111. The newly appointed corporate director acknowledged the need to prioritise the development of a strategic approach to commissioning. Senior officers have devised a project plan to deliver a draft commissioning strategy to the senior management team. SWIA will monitor the impact of these plans and self-improvement activities over the coming months.

112. HMIE led a joint inspection of services to protect children in the spring of 2010. The report is positive with all of the inspection categories evaluated as 'good' or 'very good'.

Housing management

113. The council's performance in housing management is excellent. Tenant satisfaction, tenancy and neighbourhood management, tenant participation and income maximisation are all strong and improving. Services for homeless people are good and improving. The HMIE joint inspection to protect children also highlights good practice in housing in relation to playing an important part in identifying vulnerable children.

114. The council has responded to areas for improvement identified by the SHR in relation to housing asset management and its approach to meeting the Scottish Housing Quality Standard (SHQS) by 2015.

Infrastructure and design

115. Some good progress is being made in improving the standard of council buildings. Good progress is being made with improving the proportion of buildings accessible for disabled people. In 2009/10, 66.4 per cent of council buildings are suitable and accessible to disabled people above the national average of 60.5 per cent. The proportion of council buildings in a satisfactory condition, and suitable for their current use, has improved slightly. The council estimates that 36 per cent of the council housing stock does not yet meet the SHQS. The national target for 100 per cent of stock meeting the standard is 2015.

116. The road condition in North Ayrshire has deteriorated over the past year. The proportion considered for maintenance treatment has increased from 37.2 per cent to 40 per cent in 2009/10, higher than the national average of 36.8 per cent. The council recognises the substantial additional investment necessary to address the backlog of roads maintenance. The service identified the need for an additional £1.4 million revenue and £1 million capital for the next ten years in order to address the challenge. In 2009/10, an additional £400,000 revenue was allocated to the service and a one-off payment of £1 million to assist with the impact of the particularly severe winter. Current financial pressures make it increasingly challenging for the council to address this significant issue. Roads services is one service area being considered as a potential area for shared services through the council's change programme.

117. Traffic and street lighting are maintained by a contractor. Indications are that the service delivery is being well managed and providing good value for money. The service performs comparatively well in relation to completing street light and traffic light repairs within the target times and also in reducing the number of lighting columns over

30 years old. Since 2004/05, expenditure on road lighting has increased at a similar rate to the national average but is lower per head of population and per repair (2008/09 £249.07 per repair compared to £286.20 per repair on national average).

118. A local transport strategy was approved in January 2008. The council reports a good and improving level of satisfaction from the community planning people's panel and focus groups with the convenience of public transport, but with scope for improvement.

Building services

119. Building services show a good standard of performance in relation to housing repairs and customer responsiveness. The council has responded to significant risks identified in this service area by undertaking a major review. The 2008 SHR report identified weaknesses including the scrutiny of building services as the main contractor, control over responsive repairs expenditure, statutory duties on gas safety (undertaken by a private contractor) and a lack of focus on value for money in procurement. Following the review of building services interim arrangements are in place, including placing the service under the remit of the chief executive while longer-term options are considered, decided and implemented through the change programme. The SHR will assess the response and progress in the appraisal planned for early 2011.

Planning

120. The planning service has been working closely with the IBRC to produce design guides for the area, which have helped development projects keep to standards of design and quality. It also prepares the development plan for the area. The service is taking part in benchmarking activity for development management, along with seven other councils, and will

report comparative results on staff costs, operating costs, income and decision-making processes. The results are not yet available.

121. The council has met or exceeded its target for all planning applications during the last three years and is among the top performing authorities for processing planning applications in all categories. It continues to improve its performance on a yearly basis. North Ayrshire's net revenue expenditure per head of population per planning application is well below the Scottish average. Aspects of the planning service are delivering value for money given the good levels of performance and lower than average costs.

Environment and related services

122. Waste collection is broadly improving although recent changes to the collection arrangements have impacted on cost and user satisfaction. The overall cost of collection per property is significantly higher in North Ayrshire, at £73.13 than the national average of £66.22 although the gap in cost has reduced since 2006/07. The cost peaked in 2008/09 coinciding with the expenses of changing to an alternate weekly domestic and recycling collection system.

123. Waste disposal is improving. The cost of waste disposal per premise at £74.85 is significantly lower than the national average of £89.75. However, revenue expenditure per premise has increased significantly since 2004/05 reflecting increased employee costs over the same period. The council recognises that the costs associated with refuse disposal are increasing and has done well diverting waste from landfill and improving the proportion of waste recycled and composted to above the national average.

124. The council is looking to improve arrangements for managing waste disposal. It is developing a new waste strategy and implementation plan and is also the lead authority in a pan-Ayrshire project to develop

an 'energy from waste' treatment facility. A pan-Ayrshire project board is currently reviewing the implications of the Scottish Government's *Scotland's Zero Waste Plan* published in June 2010 on its plans.

125. Other services within the remit of environment and related services include grounds maintenance, street cleaning, catering and building cleaning, janitorial and school crossing services. The council report good service user satisfaction levels for these areas. Performance and costs are broadly positive in relation to comparators and targets. For example, the cost per head of population for the council's grounds maintenance service in 2008/09 at £33.46 is above the Scottish average of £30.06. Community satisfaction levels with the service are comparable with national levels.

Part 8. What are the council's prospects for future improvement?



The chief executive shows strong leadership and commitment to driving positive change in the council. Leadership from members is developing with cross-party engagement supporting an improved pace of change.

Progress with improvement work since the 2005 Best Value audit report was slow, particularly in relation to performance management arrangements. There is scope for further improvement in scrutiny arrangements and aspects of governance.

The council's change programme is ambitious and it needs to sustain the recent increase in the pace of change. The council recognises the risk that it does not have the internal capacity to deliver the programme effectively. While the council is beginning to implement key aspects of continuous improvement, this is not consistent across the organisation. As a result, the council does not yet have a culture of continuous improvement.

Is the council aware of where it needs to make improvements and is it committed to change?

126. In the 2005 Best Value audit report, the Accounts Commission commented on the council knowing what needed to improve, but progress with implementation was poor, particularly in relation to performance management. Prior to 2009, the council did not focus on continuous improvement activity.

127. Since the appointment of the current chief executive there has been an increased level of commitment and activity to promote improvement. The majority of senior officers and members demonstrate a good awareness of the areas for improvement. Given the slow progress with implementing change since the 2005 Best Value audit report the council needs to do further work to establish and embed a culture of continuous improvement across

the organisation if the more recent improved pace of change is to be sustained.

128. The council's change programme is currently the council's core focus for improvement work. It was established during 2009, just shortly before the chief executive took up her post. The agenda is an ambitious corporate approach to systematically addressing the change necessary over the next three to five years to address current financial pressures. The aim is to become 'a leaner, more innovative and flexible organisation, which is better able to respond to future change and challenges'. Within this the council's objectives are to:

- 'achieve the savings required'
- 'deliver priority outcomes such as educational attainment, social care and regeneration'
- 'enhance customer experience by delivering more joined-up services and responding to requests more promptly'
- 'utilise assets more efficiently, including property, transport and technology, leading to a reduction in our carbon footprint and cutting operating costs'
- 'increase staff productivity through smarter, more effective ways of working'
- 'provide opportunities for skills and career development'
- 'create a flexible, proactive workforce with a "can-do" approach'.

129. Elected members are engaged in the change programme. In particular, a cross-party Change Sounding Board oversees the programme and sets the direction. This is proving to be an effective forum and means that members have a pivotal leadership role in the change programme. It is supported by an officer group, the Change Programme Steering

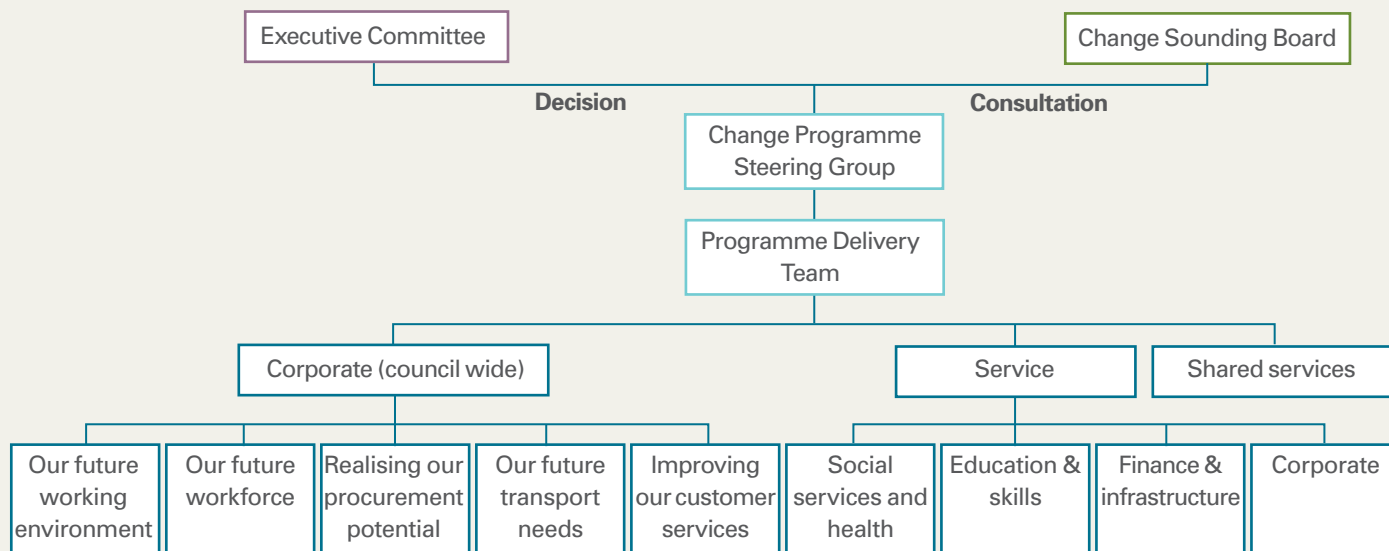
Group, which includes the CMT and other key officers. The steering group reviews and monitors progress and reports to both the Change Sounding Board and council Executive Committee. The Executive Committee is responsible for making any decisions resulting from the change programme. Working groups are in place for each of the streams ([Exhibit 2, overleaf](#)).

130. Each of the identified workstreams is following a well-structured project management framework and each has a local intranet site to assist team members access information. Each workstream has a work package of activities that are being taken forward:

- 'Our future working environment': this group has undertaken a review of property owned by the council and all property leased by the council with a view to identifying where this can be rationalised and savings made – the group report potential savings of £400,000.
- 'Our future workforce': this group is assessing where potential savings could be made from voluntary and early retirement applications.
- 'Our future transport needs': this group is currently reviewing how savings in fuel costs can be achieved and the arrangements for fleet maintenance.
- 'Realising our procurement potential': activities under this workstream include reviewing and renegotiating contracts and tenders for utilities, goods and services.
- 'Improving our customer service': this group is developing more effective use of the customer contact centre.
- Services: services are also being considered under the change programme. Through this

Exhibit 2

Change Programme Framework



Source: North Ayrshire Council

workstream core and discretionary areas have been identified to support the decision-making processes around savings across services.

- Shared services: opportunities for progressing shared services are also being considered within the change programme – see paragraph 84 shared services.

131. The arrangements for managing and taking forward the change programme are well structured. Broadly the work is progressing in line with the council's plans. A dedicated project team has been established. The council shows a good level of awareness of the risks associated with its own capacity to take forward the change programme. It has secured additional skills and capacity by procuring consultancy support to act as a 'strategic partner' in the process.

132. Other arrangements to support continuous improvement include use of the PSIF. The first corporate-level PSIF assessment has recently been completed. The findings reflect some of the issues being identified in this

audit (Exhibit 3) and some similar areas for improvement identified following the first Best Value audit.

133. The PSIF is now being rolled out across all services as an evaluation and improvement tool but it is too early to assess the impact of this work on continuous improvement and the culture. Early indications are that it is being used effectively as a self-assessment tool, with identified improvements evident in service action plans. Officers indicate the PSIF has been challenging but recognise it as a valuable tool for assessment at service level. The council plans to have all service areas assessed by March 2011.

134. One issue identified in the council's PSIF action plan is the need to improve shared learning within the council. There are examples of networking opportunities for middle management but no planned regular arrangements. It is important for the change agenda and culture that the council improves the opportunities for managers to network, share learning and good practice.

Does the council have the leadership capacity and capability to deliver the improvements that are needed locally?

135. The chief executive demonstrates strong leadership. Her commitment to driving positive change in the council is significantly improving the pace of change and culture of the organisation. Since coming into post in the summer of 2009 she has led significant changes to the management structure, brought renewed vigour to a major change programme and clarified the organisational priorities.

136. The leader of the council and the chief executive have a good working relationship and complement each other in their respective leadership roles. He is well regarded by officers, other members and partners. The leader took up position in 1999 with a majority administration although this changed to a minority administration in 2006. He is working to develop cross-party relations.

Exhibit 3

Areas for improvement identified by the Corporate PSIF

Leadership
Develop and implement a new council plan for the period 2010–13 to reflect the current and anticipated operating environment.
Develop and implement a revised external and internal communications strategy to support the council's ambitions.
Develop a policy to achieve greater national recognition and processes for sharing good practice, both internally and externally.
Sustain the level of engagement in the elected member development process.
Implement a structured approach to CMT development.
Performance management
Develop a range of measures/actions/risks that will provide a clear focus of improvement as well as a clear picture of the council's performance.
Strengthen strategic planning and budgeting processes including further identification of unit costs for core and additional services to link with the Change Agenda.
Develop a set of measures to demonstrate the council's impact on the community.
Review and revise the format of service performance reports and develop updated guidance for more consistent use of 'traffic light' reporting.
Review and revise as appropriate the arrangements for performance reporting to the public, giving consideration to improving responses to customers' feedback.
People management
Develop and implement an updated employee recognition and reward strategy.
Introduce a structured approach to employee surveys, giving consideration to a system of capturing/using/measuring their improvement ideas.
Further develop the suite of people measures for use at corporate and service levels.
Implement the agreed performance and competency framework.
Partnership working
Develop a set of principles and framework for effective partnership working including performance indicators to measure overall effectiveness.
Undertake a governance review of the CPP to further improve its effectiveness and secure increased elected member involvement.
Work with partners to prioritise and refine/reduce the current set of outcomes and indicators in the SOA.
Change programme/resource management
Develop and implement short and medium/long-term change programmes to realise the required efficiency savings.
Key change programme workstreams are:
<ul style="list-style-type: none"> • Our future working environment • Our future workforce • Our future transport needs • Realising our procurement potential • Improving our customer service.
In addition, the change programme will involve core and optional services reviews and a number of service specific reviews.

137. There are mature working relations among members, although it is clearly a political environment. Good cross-party engagement in the budget process and in the Change Sounding Board is supporting the improved pace of change and providing a clear focus on improvement. The leadership from members involved in setting the direction in these core strategic areas balances well with the strong organisational leadership provided by the chief executive.

138. The current financial context in the public sector will require members to make a range of challenging strategic decisions over the next few years. There are recent examples that indicate that members are willing to consider different options for delivering services. For example, North Ayrshire Council has historically tended to retain services internally. In October 2010, the council executive made the decision to realign the balance of purchased and in-house provision of homecare from 28 per cent of hours purchased to 50 per cent. This was a significant policy change for the council.

139. The current CMT is still developing. In April 2010, the management structure changed significantly and the CMT was reduced from a team of eight to five. One corporate director recently took up post and another is retiring within a year. The change in management from the chief executive down to heads of service is bringing in fresh ideas and experience and having a positive impact on the culture but it may take further time to mature into a cohesive team.

140. The objectives of the council's change programme are ambitious, particularly with a management team that is still developing. The council needs to ensure the arrangements it has established will ensure the programme is fully assessed and challenged rigorously. It is too early in the process to judge the effectiveness of the current arrangements in delivering change or

developing its capacity. The council needs to ensure that developing capacity and a culture of improvement is prioritised and is embedded in all of the improvement activity.

141. While the council has good awareness of what it needs to do and is beginning to implement the key elements of a continuous improvement culture through more effective strategic leadership and an ambitious change programme, this will take time. Presently, continuous improvement is not tackled consistently across the organisation and as a result is not embedded in its culture.

How effective are the council's management arrangements?

142. While the council's management arrangements generally operate effectively, there are some concerns over its governance arrangements, particularly in relation to adherence to standing orders and financial regulations. This is referred to in more detail in paragraph 82.

143. The council has recently improved its planning arrangements. It has introduced a new council plan and enhanced service planning arrangements. The improvements will take time to become fully developed. It is important that, given previous weaknesses and changes, a focus is maintained on embedding the refreshed planning framework; ensuring it becomes a stable framework for members, managers and staff; and is integrated effectively with the budget processes, performance information systems, reporting, improvement and change activity.

144. It is not clear how the CMT brings together information on the range of improvement initiatives, such as PSIF improvement plans, change programme actions, corporate plan commitments, and other strategic and service plans and projects, to allow them to focus resources and ensure no duplication across the activities

and action plans. The council should consider how this information can be aligned and reported to support good programme management. A more systematic approach to continuous improvement will also help embed a culture better able to support the council's ambition to create 'a leaner, more innovative and flexible organisation'.

Performance management

145. The council has made slow progress with developing an effective performance management system. Since the 2005 Best Value report, initiatives have been taken forward to develop performance management systems with some progress. A range of stand-alone systems have supported performance management across services and this has resulted in variability in the quality and availability of performance information, and inconsistency in performance reporting across the organisation.

146. In November 2008, the CMT agreed to take forward work to procure software (Covalent) to support improvements to the performance management framework that 'would meet the longer-term and complex performance monitoring needs of the council'. Initially, progress with developing the system was slow but good progress is now being made. The system is being populated with data in a phased approach but it is not yet rolled out as a management or scrutiny tool. It is too early to assess the effectiveness of the system and the impact of these improvements.

147. Without sufficient performance management information the council cannot readily demonstrate that it is achieving Best Value. Continued focus on this project is needed as it underpins effective progress with many other areas including improved consistency and accessibility of information for scrutiny, information to support the change programme, service improvement work and potentially supporting programme

management of the range of plans and activities.

Scrutiny

148. The arrangements for elected members to challenge and scrutinise policy and performance are generally sound but there is scope for further improvement. The scrutiny committee provides a good level of challenge but the quality and accessibility of information for scrutiny is variable. All elected members have a key role in scrutinising performance and decisions of the council. Their understanding of, and commitment to, this role is developing.

149. Members have also raised concern about the depth of data and analysis which is presented to them. The council needs to improve the quality of analysis and transparency of reporting to members, ensuring a clear and full picture is provided for members to understand issues and decisions for which they are accountable.

Appendix 1.

Judgement descriptions

This table sets out the framework for constructing the two BV2 judgements of 1. How good is my council's overall performance? and 2. What are my council's prospects for future improvement? It shows the components that make up each judgement (eg, the quality of local services or partnership working), along with standard descriptions for the level of performance. Councils are likely to demonstrate a mixture of performance levels across these components. The BV2 judgement is arrived at by determining an overall summary of a council's performance against these different aspects of performance. Shown in bold blue text are the components that lead to the judgements – North Ayrshire Council's overall performance is satisfactory and it has fair prospects for future improvement.

Judgement descriptions – how good is my council's overall performance?

How good is my council's overall performance?	Unsatisfactory	Satisfactory	Good	Outstanding
Improving outcomes and addressing complex cross-cutting issues with partners	The council has a poor track record in delivering improved outcomes for the area with its partners, and addressing key cross-cutting issues such as community safety, health improvement, equalities and sustainability.	Progress towards key strategic outcomes is mixed, with improved progress required in a number of important outcome areas. Systematic evidence of the impact of partnership working is not available.	Consistent progress is being made towards the majority of key strategic outcomes. However, some improvements are still required in a number of outcome areas and there is scope to further align partnership working with key strategic priorities.	The council is able to consistently demonstrate considerable success in delivering complex cross-cutting strategic local issues and improving outcomes with partners. Consistent progress is being made towards almost all key strategic outcomes. Limited improvements are required.
The quality of local service	The overall quality of council services is consistently below the national average. Many services, including one or more key services (education, social work or housing) require significant or urgent improvement.	Overall service performance is mixed. While some services are performing well, several services, or significant aspects of services, require important improvements to be achieved.	Many council services are performing consistently well and demonstrating continuous improvement. While some further improvements are required, all key services are performing well.	Most of the council services are recognised as performing at the highest level. All key services can demonstrate strong and consistent improvement.
The views of citizens and service users	Overall satisfaction with the council and its services is consistently below the national average. Overall satisfaction trends are static or falling. Arrangements for consulting with local people and users of services are patchy and underdeveloped and the council cannot demonstrate that consultation is influencing decision-making and service improvement.	Overall satisfaction with the council and its services is generally above the national average, with overall satisfaction trends that are improving well. Arrangements for consulting with local people and users of services are well developed. There is good evidence that consultation and engagement is taken seriously across the organisation with good systematic evidence available on its impact.	Overall satisfaction with the council and its services is consistently above the national average for most aspects of performance, with overall satisfaction trends that are improving quickly. The council has comprehensive and well-coordinated arrangements for consulting with local people and users of services and is able to demonstrate that their views are influencing strategic priorities and shaping service improvements.	Overall satisfaction with the council and its services is consistently above the national average for most aspects of performance, with overall satisfaction trends that are improving quickly. The council has comprehensive and well-coordinated arrangements for consulting with local people and users of services and is able to demonstrate that their views are influencing strategic priorities and shaping service improvements.
The council's progress in delivering on its improvement agenda (including Value for Money (VFM))	There is limited evidence that the council knows where improvements are required and is able to secure improvement in service performance. It cannot demonstrate improvement in VFM.	While some services are improving, the pace of change has been slow and the council has been unable to systematically transfer service improvements from one service to another and secure systematic improvements in VFM.	The council knows where improvements are required and can demonstrate a systematic and effective approach to securing improvements across all services (including VFM). Improvements are implemented quickly, and with little slippage.	The council is able to demonstrate that it is effectively managing performance improvements in line with its strategic priorities, across services, and in partnership with others, and it can demonstrate systematic and significant improvement in VFM.

Judgement descriptions – what are my council’s prospects for future improvement?

What are my council’s prospects for future improvement?	Poor prospects	Fair prospects	Good prospects	Excellent prospects
Leadership capacity and organisational commitment to change	The council does not have the leadership and management arrangements needed to deliver on its ambitions. Governance is weak and developing its political and managerial ability to tackle the council’s problems is a key priority for the council.	The council needs to improve its leadership and managerial impact to deliver on its ambitions. There are some weaknesses in the governance arrangements and it is unable to demonstrate that it currently has the organisational commitment and capacity to secure change and improved outcomes.	The council has effective political and managerial leadership supported by good governance arrangements. It is committed to continuous improvement, focused on what matters to local people, and is securing improved outcomes.	The council has highly effective political and managerial leadership supported by strong and effective governance arrangements. It has ambitious plans for the areas and a strong focus on continuous improvement. It has the organisational commitment and capacity to secure change and improved outcomes.
Partnership working	The council has not yet established a shared vision for the area with its partners, supported by sound governance arrangements and the resources needed to deliver key priorities.	While the council has established a shared vision for the area with its partners, there is not a consistent sense of ownership from the partnership’s leaders, and improvements are needed in governance and resource alignment.	Leaders of the partnership articulate a clear and consistent shared vision and sense of purpose for the partnership and the improvements it is trying to achieve for the area. They can demonstrate – and are committed to – ensuring that the shared vision for the area impacts on their own organisation and partnership activity.	Leaders of the partnership actively promote and communicate the shared vision and sense of purpose of the partnership and the improvements it is trying to achieve for the area. They can demonstrate – and are committed to – ensuring that the shared vision for the area impacts on their own organisation and partnership activity.
Staff understanding of and commitment to improvement	There is very limited staff understanding of and commitment to continuous improvement and the council’s improvement agenda.	Staff understanding of and commitment to continuous improvement and the council’s improvement agenda is developing.	There is widespread staff understanding of and commitment to continuous improvement and the council’s improvement agenda.	There is very strong staff understanding of and commitment to continuous improvement and the council’s improvement agenda.
Effectiveness of resource planning and performance management (including member scrutiny)	The council lacks awareness of where it needs to make improvements and is not able to secure improvement in service performance as a consequence of ineffective performance management arrangements and weak scrutiny and challenge. Resources are not used to best effect.	While the council is aware of where it needs to make improvements, it lacks a systematic approach to securing improvement. Scrutiny and challenge is patchy. The council lacks a systematic process for directing resources to key priority areas and securing improved VFM.	The council is aware of where it needs to make improvements, and has a systematic approach to securing improvement. Scrutiny and challenge is well developed. It has a systematic process for directing resources to key priority areas and securing improved VFM, but cannot yet demonstrate consistently improved outcomes.	The council is aware of where it needs to make improvements, and has a systematic approach to securing improvement. Scrutiny and challenge is highly effective. The council has a systematic process for directing resources to key priority areas and can demonstrate consistently improved outcomes.

North Ayrshire Council

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