

The Audit of Best Value and
Community Planning

West Dunbartonshire Council

A progress report



 AUDIT SCOTLAND

Prepared for the Accounts Commission
January 2008



The Accounts Commission

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

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

The Commission secures the audit of 32 councils and 41 joint boards (including police and fire and rescue services). Local authorities spend over £14 billion of public funds a year.

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Commission findings



1. When the Commission made findings on the Best Value report on West Dunbartonshire Council in February 2007, it required a further report by the Controller of Audit on the progress made by the council as at 31 July 2007 and the Commission accepts this report as fulfilling that requirement. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.

2. The Commission acknowledges the council's increased commitment to continuous improvement and the progress made by the council within a fairly short timescale. We endorse the conclusions of the Controller of Audit in her report and would urge the council to move forward as quickly as possible on the areas where limited progress has been made. Priority should be given to:

- continuing to develop member/officer relationships
- establishing arrangements to demonstrate the competitiveness of its services
- developing robust financial planning
- improving community engagement.

3. The Commission believes that West Dunbartonshire Council needs a longer period of time to put in place the improvements required to demonstrate Best Value and would encourage the council to increase the momentum of change. The Commission accordingly requires a further report from the Controller of Audit in eighteen months time.

Introduction



The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The report on the Audit of Best Value and Community Planning, undertaken at West Dunbartonshire Council, and the Accounts Commission's findings were published in February 2007. This is a follow-up to that report.

The report described a council that had made limited progress and had a significant amount of work to do to develop a positive and open culture to address the requirements of Best Value. There had been an historic background of political and managerial instability and significant financial pressures within the council. While there were some encouraging signs with more recent developments, the council needed significant and sustained investment across a range of activities.

In its findings, the Commission said that the council was not currently in a position to deliver Best Value, and found that decision-making at the highest levels in the council was not open and transparent. It recommended that the following decisions were reviewed in the light of Best Value guidance on corporate decision-making:

- allocation of schools improvement fund
- partial housing stock transfer
- closure of facilities in Renton.

The Commission required the council to prepare and formally adopt an improvement plan that was to include the following priorities:

Immediate priorities

- Establish arrangements and working practices which demonstrate openness and accountability in strategic decision-making processes.

- Develop and implement medium to longer term strategies to ensure effective management of resources, including financial planning and workforce planning. These arrangements should also be integrated with the service planning process.
- Ensure that robust and effective scrutiny arrangements, including the involvement of opposition elected members, covering the council's decision-making processes as well as service performance, are put in place.
- Develop a culture to support best value and continuous improvement across the organisation.
- Review political and managerial structures to ensure that they operate effectively and are complementary.
- Provide elected members with support and training to discharge their functions.
- Agree and adopt formally an up-to-date community plan. Continue to drive the community planning partnership with a focus on defined outcomes.
- Establish robust action plans for all areas of poor performance identified within the Best Value report and housing services in particular.
- Refine and embed the new performance management framework; improve traffic light reporting to better support scrutiny, resource allocation and public performance reporting.
- Establish robust arrangements from which the council is able to demonstrate the competitiveness of its services.
- Develop and embed a risk management culture across the council.

Medium-term priorities

- Ensure robust review and option appraisal is undertaken on all services.
- Implement a leadership and management development programme.
- Review community engagement activity for efficiency and effectiveness.

The Commission did not have confidence that the council had the corporate capacity to deliver the planned improvements in an acceptable timescale. To address this, the council were required to allocate sufficient resources to implement the actions in the plan and engage external assistance to deliver the necessary improvements.

The Commission required a report from the Controller of Audit on the council's progress up to 31 July 2007. This report focuses on the council's actions addressing the findings and recommendations of the Commission, and notes progress against the council's own improvement programme.

Following the May 2007 elections, there were significant changes to the composition of the council. There is now a minority administration of nine Scottish National Party (SNP) members. The opposition consists of ten Labour, one Scottish Socialist Party and one Independent. There are ten new elected members to the council. The Council Leader is Councillor Iain Robertson (SNP) and Councillor Agnew (Independent) is the Provost. The council appointed a new Chief Executive, David McMillan, in October 2006.

We gratefully acknowledge the co-operation and assistance provided to the audit team by West Dunbartonshire Council, particularly Councillor Iain Robertson, Leader of the Council, David McMillan, the Chief Executive and David Webster, Section Head (Performance Management).

Progress in West Dunbartonshire Council



The improvement programme

The council has developed an improvement plan that reflects the priorities identified by the Accounts Commission, although it would benefit from clearer prioritisation. There has been slippage in the planned activity against some key priorities. The council has put in place a programme board to oversee and coordinate the implementation of these planned improvement activities. Much activity remains at the early stages of development and implementation.

1. In January 2007, the council approved its improvement plan in response to the Commission's findings and the issues identified in the Best Value audit report. The plan included the 11 immediate and three medium-term priorities identified by the Commission. It also included 13 'other' priorities based on the Best Value report and the council's own self-assessment. While the council is credited for having prepared a comprehensive improvement plan, it must ensure that issues are more clearly prioritised. There is a potential risk that the inclusion of 'other' priorities has a detrimental impact on the organisation's capacity to deliver. There has already been slippage in some key areas such as workforce planning and performance management.

2. The council introduced a programme management approach to implement the Best Value improvement plan. A programme board to oversee activity has been established with cross-party representation from elected members and officers. This approach aims to provide greater focus and a more structured approach to improvement activity through eight distinct work streams: strategy, people, finance, performance management, risk

management, customer first, asset management and sustainable development.

3. The council has also created an Improvement and Efficient Government Steering Group. This group will include elected members and senior officers with responsibility for overseeing all the continuous improvement and efficiency data as well as systematically assessing the competitiveness of all services. This is a wide remit and, as the group has yet to meet, it is unclear how it will work in practice. There is no clear articulation of how this group links with the programme board. The group will report on a bi-monthly basis to the Corporate Management Team (CMT) and to the Corporate and Efficient Government Committee. The group's introduction may overly complicate the landscape and hamper a comprehensive approach to programme management.

4. Concerns remain about the extent of the council's self awareness and understanding of what is required from its improvement activity. The council believes that it has implemented more than half of the identified actions although much of the improvement activity is at the early stages of development and implementation. The council is overly concerned with signing off completed actions and has insufficient focus on the desired impact and outcomes of its improvement activity. Given the limited period of time since the publication of the Best Value audit report and the council's adoption of its improvement plan, it is too early to assess the impact and effectiveness of the progress made in respect of many of the improvement activities, but the council must ensure that it continues to monitor the impact of its investment and improvement activities in all areas.

Capacity

The council continues to face significant capacity constraints which have slowed its improvement activity. There has been limited progress in developing corporate approaches to elected member and officer leadership development, and the council needs to establish a more sustainable approach to building its internal capacity for the future.

5. The council's strategic capacity remains limited. Many elected members are new to the role and the improvement agenda is demanding. The CMT is currently operating under capacity with only one permanent director in post. The council is undertaking a major recruitment exercise to appoint three new executive directors to the CMT. It is anticipated that these posts will be filled early in 2008. The chief executive's capacity is stretched as he undertakes three key roles: chief executive, head of corporate services and overseeing the council's approach to the change and improvement agenda. The council is putting in place a range of measures to address these issues but, until these are fully implemented and have had time to embed, strategic capacity will remain limited.

6. The use of consultants has facilitated an earlier start in addressing improvement priorities. The council appointed seven external consultancies ([Exhibit 1, overleaf](#)) to support a range of activities and reviews. The council still has significant work to ensure that this work is successfully implemented and embedded. It also needs to consider how it will support the transfer of skills and knowledge from external consultants to its own staff to build more sustainable internal capacity for the future. The council has taken a variable approach to initiating and coordinating consultation activity ([Exhibit 1](#)), and it needs to develop a more consistent project management approach using the programme board.

Exhibit 1

External consultants

Consultant	Workstream	Output required	Reported to council	Implementation
	Culture of Best Value	Brief prepared, pending final decision.		
	Workforce Planning	Brief prepared, pending final decision.		
A	Decision-making and management structures	Reports covering: <ul style="list-style-type: none"> • decision-making arrangements • scrutiny structures • management/departmental structures. 	June 2007	New structures implemented.
B	Efficient Government & competitiveness	Efficient Government Reports covering: <ul style="list-style-type: none"> • approach • national efficiency measures • shared services including action plan. Competitiveness <ul style="list-style-type: none"> • review of approach to competitiveness and option appraisal. 	Corporate & Efficient Government Committee September 2007	Improvement and efficiency steering group established.
C	Management & Leadership Development	<ul style="list-style-type: none"> • Programme for development of leadership capacity and behaviours. • Establishment of a framework for ongoing leadership and management development. 	Not yet reported	

Consultant	Workstream	Output required	Reported to council	Implementation
C	Strategic Planning & Performance Management	<ul style="list-style-type: none"> Facilitation of development of new corporate plan. Review of performance processes. 	Not yet reported	Corporate plan developed. Tender exercise for new performance management system.
D	Conduct staff survey	Generation, collection, analysis and reporting of employee views and perceptions through an anonymous employee survey across the entire employee population.	August 2007	Staff survey completed. Member/officer working group established.
E	Scrutiny arrangements – consultation	<ul style="list-style-type: none"> Development of a questionnaire. Moderating two focus groups with elected members. Following up on the questionnaire. 	June 2007 September 2007	Revised role and remit of A&PRC implemented.
F	Member officer relationships	<ul style="list-style-type: none"> Report recommending options for improvements to member/officer relationships. Report on a review of the member/officer protocol. Proposals for training for elected members and senior officers where appropriate. A communication plan. 	Reviewed member/officer protocol included in report to council August 2007 No further reports to date	Member/officer protocol implemented.
G	Dignity at work	<ul style="list-style-type: none"> Review and refresh dignity at work policy. Production and delivery of a training programme and a general awareness-raising exercise for all staff. Review of grievance procedures. Provision of short-term confidential counselling service. 	Not yet reported	Joint management/trades union working group established.

7. The council has sought to increase its internal capacity and has approved the creation of 12 new posts: quality & improvement officer; temporary procurement officer; sustainable development officer; bio-diversity officer (jointly funded); equal opportunities employment officer; director of corporate services; head of service social work – adult community care and health; public relations & marketing manager; employee/organisational development manager; personnel operations manager; temporary manager for pay modernisation and equal pay; and section head for efficient government. This is a welcome boost to internal capacity but it is difficult to see how these posts will make a direct contribution to the Commission's priority improvement areas.

8. The council is making use of 'critical friends' from the Improvement Service and neighbouring councils in developing its approach to best value. Additional skills capacity among middle and senior managers has been enhanced through briefing sessions on topics including risk, option appraisal for financial decisions and continuous improvement. The council acknowledges, however, that in order to build its internal capacity to a sustainable level, this will require a continued focus and investment and it still has much to do.

9. There has been little progress in developing a corporate approach to leadership and management development. The organisation has lacked expertise in organisational development and the council anticipates the new appointment of an organisational development manager will be an important step towards developing capacity in this area.

10. Limited progress has been made in improving elected member training and development although the Commission identified this as an immediate priority. This is of particular concern since almost half of members are newly elected. The council needs to progress elected

member training and development with some urgency.

Strategic leadership and culture

The council has broadly accepted the need for improved strategic leadership and cultural change, although it continues to be characterised by political and managerial instability. There are early indications of improving openness and inclusiveness but significant challenges remain in demonstrating an improved organisational culture.

11. Following publication of the Best Value audit report in February 2007, political instability continued at the council for some months. The Leader of the Council during this period, Councillor Andrew White, resigned his position on 20 December 2006. The Labour Party also withdrew his membership on this date. He retained his seat on the council until May 2007 when he stood as an Independent candidate and was not re-elected. Councillor Martin Rooney (Labour) succeeded Councillor White as Leader of the Council from 20 December 2006 until 12 March 2007 when a vote of no confidence was passed. Councillor Denis Agnew (Independent) was then elected Leader of the Council and held the position from 12 March 2007 until the May 2007 elections.

12. Since May, the formation of a minority SNP administration has led to greater stability. The council leader and the new administration are seeking to develop a more open and inclusive approach to decision-making between the parties. There are early signs of more effective cross-party strategic working through joint working on the Best Value Programme Board. Cross-party relationships have also improved with the introduction of joint pre-agenda meetings for committees. There is a more balanced approach to information sharing, which includes shadow convenors as well as convenors.

13. The council's best value position statement and draft corporate plan were signed by the council leader and the leader of the opposition as well as the chief executive, and key decisions in respect of Single Status and the Management Restructuring have been jointly supported by the main parties.

14. The council leader and chief executive are developing a good working relationship. The leader is developing more effective relationships with the council's key partners and the Scottish Government. The leader is also seeking to promote community involvement by supporting the appointment of a community representative to chair the Community Planning Partnership (CPP) instead of himself.

15. There is a clear commitment to stronger corporate leadership from the chief executive and the CMT, although the capacity of the CMT will limit the opportunity for progress until the new appointees are in place (paragraph 5). The focus of the CMT through the unstable political period was on maintaining the integrity of the decision-making process. A CMT away day facilitated by an external consultant provided the opportunity to think strategically about the area and this led to development work on a new corporate plan.

16. External inspectorates such as Communities Scotland and Her Majesty's Inspectorate of Education (HMIE) consider that the council leadership is now showing an acceptance of change and addressing areas for improvement in service delivery. This is illustrated by the council's approach to the Communities Scotland remedial action plan.

17. There are signs that the culture is beginning to change within the council. The council has accepted and acknowledged the need for change. It has broadly accepted the Commission's findings and is using them as a catalyst for a positive development in the

culture and commitment of elected members and officers.

18. There are signs of improvement but there is a long way to go to embed a more constructive and positive culture throughout the organisation. Although elected members and senior managers exhibit a commitment to best value, for the majority of staff it is too early to assess whether the improvement activities are having a positive impact on the culture and relationships within the organisation. A good deal of work is still required to improve staff morale.

19. A staff survey undertaken by external consultants was reported to the council in August 2007 (Exhibit 2). It agreed to set up a Member/Officer Working Group to address the issues raised in the survey and consider the recommendations and wider staffing and organisational issues. The group will include two elected members from the Administration, two from the Opposition, three trade union convenors, a member of the CMT, head of personnel and head of policy and performance.

20. The staff survey indicated that a significant number of employees said they had experienced practices of discrimination (11 per cent), bullying/harassment (21 per cent), victimisation (12 per cent), or favouritism (13 per cent). Only 26 per cent of those who had experienced such practices had reported it, believing nothing would happen and expressing concerns over confidentiality. The council has taken steps to address this, including the appointment of external consultants to undertake a review of the council's approach to dignity at work, and has put forward recommendations for improvement underpinned by training.

21. The council is committed to achieving Investors in People and/or Charter Mark for every service. The council currently has 11 Charter Mark awards and has plans for a further six this year, with a further 13 planned in

Exhibit 2 Staff survey

The employee attitude survey was conducted in April and May 2007 by external consultants and was followed up with focus groups. There were 1,826 respondents (circa 26% of 7,047). The consultants provided a strong set of recommendations which broadly reflect the Best Value and Accounts Commission findings.

Positive attributes:

- most people enjoy their work and believe their colleagues to be supportive of them
- more people than not say they are happy with things like job security and terms and conditions
- most staff are appreciative of the council's efforts to promote a healthy workplace.

Significant challenges:

- staff do not feel recognised and valued for the work they do
- staff support from line management is not consistent
- poor internal communication
- instances of discrimination, favouritism, bullying, harassment and victimisation
- staff do not perceive there to be strong or visible leadership.

Source: Audit Scotland/West Dunbartonshire Council

2007/08. There is the potential for this activity to aid the overall improvement process, service delivery and staff morale. However, the council should ensure that this does not reduce momentum or divert resources from the Best Value improvement plan and improvements to service delivery.

Managing council business

Decision-making

The council has partially reviewed the three decisions recommended by the Commission against Best Value guidance. It has started to make better use of option appraisal in its more recent reports but it has more to do before these arrangements are consistently implemented and embedded.

22. The Commission recommended that the council review three

significant decisions in light of best value guidance on corporate decision-making. These related to the allocation of the schools improvement fund, partial housing stock transfer and the closure of facilities in Renton.

School improvement fund

23. The chief executive, in discussion with the head of legal services, the head of finance and the schools' estate team, examined the decision-making process relating to the distribution of school fund monies. He concluded that there should have been an officer's recommendation in the council report and that elected members had insufficient information provided to them in the body of the February 2006 council report to assess whether the allocation of funds to the seven projects listed in the Labour Administration's motion was justified.

24. The chief executive then instructed the schools' estate team to:

- re-examine the list of projects approved by the February council meeting
- produce an up-to-date options appraisal for the regeneration of the primary schools' estate, taking into account the condition of current school buildings, the suitability of accommodation for the delivery of the curriculum, overcrowding/underoccupancy issues; trends in school rolls, geographical location, affordability and any other relevant factors.

25. A report was prepared by the chief executive and presented to the December 2006 council meeting detailing the above points and containing recommendations based on an up-to-date options appraisal, which was tabled as an appendix to the chief executive's report. This was an improvement on the previous report and was in line with Best Value principles.

26. The review resulted in some reordering of priorities. Three of the original projects were reclassified as lower priority and preparatory work halted, while one new project was introduced.

Partial housing stock transfer

27. The council submitted its application to join the Community Ownership Programme in July 2006. Communities Scotland subsequently informed the council that its application was unacceptable in its current form. This was reported to elected members at full council in January 2007 and it was agreed that a report setting out proposed options and recommendations should be prepared. The council is currently carrying out a housing needs and supply survey and expects to report this year (no date specified) about revised options for community ownership. The council has not undertaken any further review of the original decision.

Closure of facilities in Renton

28. The way in which the council reviewed the decision to close community facilities in Renton did not adhere to Best Value guidance. A review was carried out on behalf of the chief executive by the director of education and cultural services and the director of social work, and reported to the council in January 2007. The report noted that relevant information was not tabled or attached to the original report, but it made no additional information available to elected members and recommended that the closure of the Renton facilities should stand.

29. In February 2007, the council agreed an emergency motion to transfer the Renton Community Education Centre at nil cost into community ownership. No papers were submitted to support the motion, which overturned a previous decision to dispose of the property on the open market. There was no robust review of the implications of this new decision. This decision has significant resource implications for the council as it would forego a capital receipt for the property.

30. The council is starting to undertake options appraisals more routinely in respect of its key decisions although most of these have so far related to consultants work, for example recent reports on the review of decision-making and management structures have contained options appraisals.

Political and managerial structures

Reviews of the council's decision-making and managerial structures have been undertaken by consultants and the council is now in the process of implementing the recommended changes. It is too early to judge the effectiveness of these changes.

31. The council issued a brief ([Exhibit 1, page 8](#)) to external consultants for a review of the council's decision-making and managerial structures.

The brief was in line with the requirements of the Commission's findings and the council's improvement plan.

32. In June 2007, the council agreed to accept the recommendations of an external consultants' report and adopt a thematic committee system ([Exhibit 3](#)). The proposals include:

- a refinement of committee titles and remits and the introduction of an agreed programme of work
- new structural arrangements to facilitate more direct links between the chief executive, CMT and group leaders
- rationalisation of the number of convenors, such that there is one convenor associated with each committee rather than several, each covering specific subjects within a committee's remit
- development of the scrutiny function.

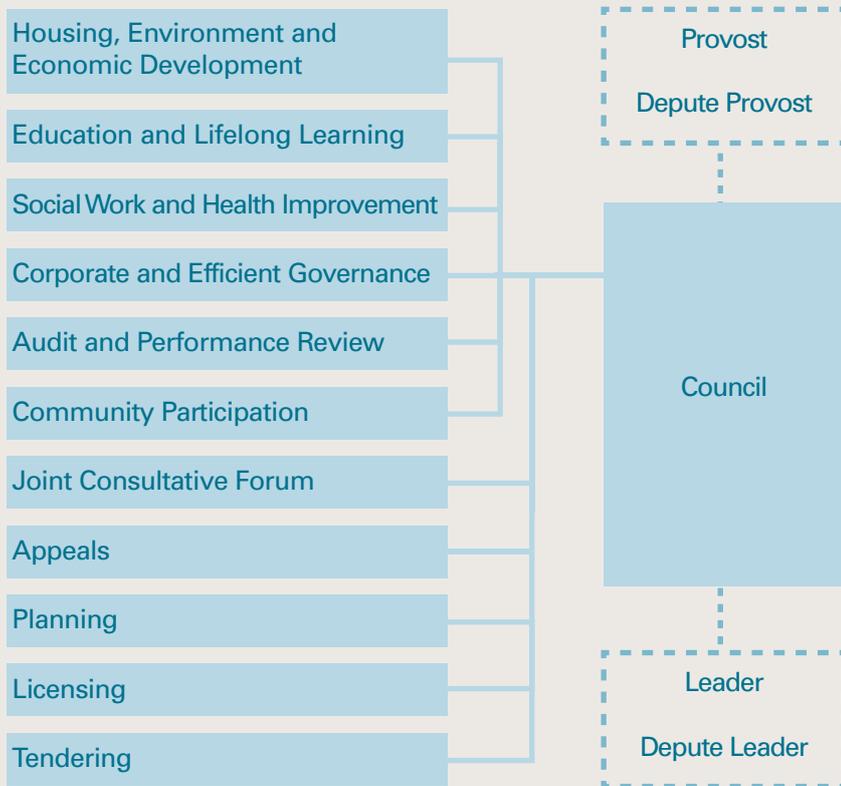
Overall, the consultants' proposal does not suggest a radical change but a refinement of existing structures.

33. These revised committee structures have been implemented but it is too early to assess their impact.

34. A further report by the same consultants covering the review of the management structures was presented to the June council meeting. The proposed management structures ([Exhibit 4](#)) result in the creation of a new corporate resources department distinct from the chief executive's department. The proposed restructure will increase the number of senior officers by seven (one director, two heads of service, three managers and one section head) to create additional strategic capacity. Each of the four main departments will have three heads of service whose main remit is to oversee service delivery – leaving executive directors more time to engage in

Exhibit 3

West Dunbartonshire Council political structure



Source: West Dunbartonshire Council

corporate strategic issues. The revised management structure also includes some transfers of responsibility for functions.

35. The new structure has not yet been fully implemented and the council is currently recruiting to fill the newly created positions.

Scrutiny

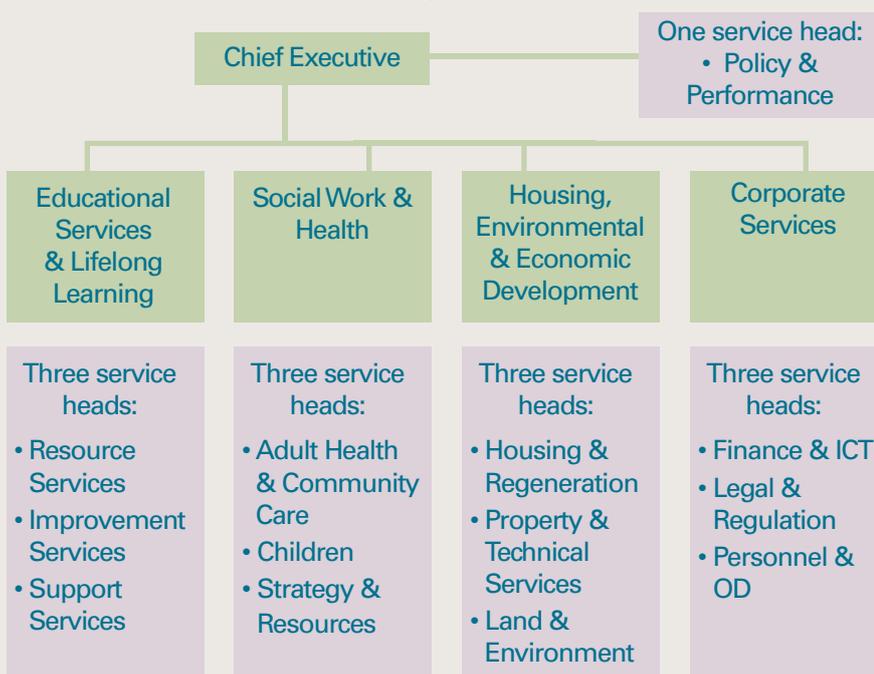
The council has recently introduced improved arrangements for scrutiny and the role of the Audit and Performance Review Committee (A&PRC).

36. New scrutiny arrangements have been put in place following a review of the council's committee structures and remits. The A&PRC now consists of eight elected members: four Labour members, three SNP members and one Independent member. The committee is chaired by a member of the Labour opposition. This is an improvement on the previous arrangements where the committee consisted of seven members: five Labour, one SNP and one Socialist and was chaired by a member of the then Labour administration. The remit of the A&PRC has been enhanced to include the power to commission independent reports as well as the scrutiny of corporate and cross-cutting issues. The first meeting of the A&PRC took place on 18 September 2007, so it is too early to evaluate the effectiveness of the committee.

37. The scrutiny of decision-making and service performance is improving through more robust challenge by elected members. This is helped by the increased openness that is being established. Elected members and senior officers of the council consider that members are asking more demanding questions of officers and this is supported by our observation of meetings of the council and CPP.

Exhibit 4

West Dunbartonshire Council management structure



Source: West Dunbartonshire Council

Community planning

The West Dunbartonshire CPP recently agreed its Community Plan for 2007-17 and this has been endorsed by the council.

38. The West Dunbartonshire Partnership Board approved the final version of the Community Plan 2007-17 on 18 June 2007. The plan includes a vision for West Dunbartonshire for 2017 and sets out eight strategic goals that are supported by statements on how it will make the vision a reality. The draft plan was the subject of an extensive public consultation exercise.

39. The Community Plan outlines the partnership's approach to accountability, with each of the strategic partnerships responsible for moving the strategic themes forward. They are tasked with producing action plans that detail how they will deliver on the pledges outlined in the plan. There is to be regular monitoring through existing mechanisms, and regular updates to the CPP Board to highlight how the key themes are progressing. The Partnership has elected a community representative as the chairperson of its board.

40. At its meeting in August 2007, the Partnership Board considered an annual progress report on the outcomes highlighted in the Regeneration Outcome Agreement for 2006/07. This outlined progress on priority themes and narrative on specific activities regarding mainstreaming equalities, activities on specific groups, community and youth engagement and partnership working. This reflects a more outcome-focused approach to reporting the work of the partnership.

Making good use of resources

Financial planning

The council is introducing three-year capital and revenue budgeting. However, it lacks a financial strategy and is facing significant financial and budgetary pressures.

41. The council has put in place financial plans that cover the next three years. The indicative budget information currently identifies a budget gap of around £10.5 million for 2008/09 and £4.5 million in 2009/10, assuming no increase to council tax bills. Departments have been asked to prepare options for efficiency savings of six per cent for discussion by elected members. However, without a robust financial strategy it is difficult to see how the council will effectively manage and direct its resources.

42. The council is reviewing its approach to priority-led budgeting. It has introduced a revised approach to service planning and budgeting (Joint Planning and Budget Guidance for 2008-12). This provides a framework for preparing directorate plans and budgets to deliver the corporate objectives over the 2008-12 period, and indicates the likely level of resources that will be available to deliver them. This approach aims to ensure that priority areas are protected and will allow revenue and capital resources to shift in line with council policies and objectives. It is too early to assess the effectiveness of this approach.

People management

The council has made limited progress in developing a workforce strategy. It has limited capacity in terms of both skilled HR professionals and appropriate HR systems. Staff absence has continued to increase. However, the council is making better progress in joint working arrangements with the trade unions.

43. The council has made limited progress in developing a workforce strategy. This has been constrained by limited capacity in the personnel team. A brief for a project to improve workforce planning has been prepared but this work is delayed until the new management structures are implemented and capacity increased in the personnel team. The new manager of organisational development will manage the preparation and implementation of a workforce development strategy and annual plan to meet the development needs of council staff to support the delivery of strategic and service plans.

44. The council is committed to strategic workforce planning and recognises the need for supporting policy and procedures to provide more clarity for managers and employees and better consistency in their application. A personnel and trade union working group was established to develop procedures. This demonstrates a positive commitment towards a more systematic and transparent arrangement for staff management. The council is showing an inclusive approach, with trade unions invited on to a number of forums to contribute to improvement activities.

45. The council continues to experience high levels of absence among its employees. The overall absence trend shows an increase in absence in 2006/07 from 5.9 per cent to six per cent. The most significant increase is for craft employees from 5.2 per cent to 6.9 per cent while teachers' absence has increased from 2.9 per cent to 3.6 per cent. An absence management team is being established to implement an Absence Management Strategy, but we continue to have concerns about how absenteeism is being managed, with an emphasis on tackling the Statutory Performance Indicator (SPI) rather than the underlying issues.

46. The development of HR systems has been delayed due to discussions with other authorities about the potential for a shared procurement

process. This is an important tool for the longer term improvement of HR management in the council. There is no evidence of an associated action plan for this project and as a result it is not clear when the work will begin. A robust alternative should be progressed urgently.

Risk management

The council has made some progress in embedding risk management into its decision-making processes.

47. Risk management is not yet embedded in the council's decision-making processes. The council has introduced a risk analysis section into all its committee reports. Staff who are involved in writing reports for committees have received risk management training from an external supplier. However, many reports comment that 'no risk analysis is required at this stage'. For instance the report to the June 2007 council meeting on progress of the Best Value improvement plan makes this statement when clearly there are significant risks associated with non-compliance of the improvement plan.

48. The risk management working group has made some progress in promoting an approach to risk management. It has incorporated a new section on risk on the council's website, which includes information on contingency planning, health and safety, insurance and business continuity management. It also contains details of council strategies and policies as well as helpful advice to local businesses and the general public. The group is undertaking a review of risk management software in conjunction with the review of performance management systems in order that a system could be procured that fulfils both needs.

49. The council's finance option appraisal training identified risk as a key aspect of option appraisal and the associated guidance note gives a clear definition of what constitutes a risk.

There is, however, limited information on how a full risk assessment should be carried out.

Managing competitiveness

The council has made limited progress in establishing robust arrangements from which it can demonstrate the competitiveness of its services.

50. External consultants have reviewed and reported on the council's approach to competitiveness in relation to a range of different services. The original report was considered at the July 2007 CMT meeting. A subsequent report was prepared for the Corporate Services and Governance Committee, September 2007. The eight key findings of the consultants' report are broadly in line with the original Best Value report. The consultants' findings were that:

- the council has demonstrated a willingness to expose some of its services (such as housing repairs and planned maintenance) to competitive tendering
- only some services reviewed in the report could be considered as competitive
- the council has not always been able to demonstrate that it has carried out a robust best value review when determining the future of the service
- the approach to best value reviews has not been consistent or project managed to meet agreed timescales
- the council needs to improve its approach to benchmarking
- a culture of performance management needs to be instilled into all levels of management
- the Personal Development Planning process needs to be reviewed to make it more

performance related, particularly for managers and supervisors

- there needs to be a change in the way competitiveness is addressed and therefore a change towards a culture of performance management and continuous improvement.

51. The council has not prepared a robust action plan to address the consultants' findings. The CMT agreed that a report and associated action plan should be prepared for the September 2007 meeting of Corporate Services and Governance Committee, but the committee received no action plan, only a report that identified that no risk analysis was required and a recommendation for the committee members to provide comments on developing the approach to competitiveness.

52. The council has reviewed its approach to identifying trading operations. Previously there were five significant trading operations but following a recent review only two remain – housing repairs and maintenance, and grounds and street cleaning. This is due to services being tested for 'significance', which is assessed at greater than two per cent of the revenue budget (£4.3 million).

53. The council is also involved in a range of benchmarking activities using: the Association for Public Service Excellence (APSE) Performance Networks, Scottish Housing Best Value Network, Best Value reviews and comparison of SPIs. However, not all of these approaches provide robust comparisons.

Performance management

The council does not have resourced action plans to improve areas of poor performance. It has made little progress in improving its approach to performance management. It is unclear how the council's involvement in the Public Sector Improvement Framework (PSIF) will integrate with other planned improvement activity.

54. The 2006 Best Value report identified a number of areas of poor performance including environmental and housing services. The Commission's findings required the council to establish comprehensive, fully resourced action plans for all areas of poor performance identified within the report. A number of action plans were developed and incorporated into the quarterly performance reporting framework, but these did not contain sufficient detail or SMART criteria. Housing services are the subject of a remedial plan which was submitted to Communities Scotland in April 2007. This response suggests that external audit and inspection continue to be the drivers for significant change.

55. There has been no change to the council's approach to performance management since our original review and questions remain about the clarity, accessibility and consistency of the quarterly performance review (QPR) approach. The council acknowledges that it still needs to refine its performance management system in terms of the quality, quantity and style of reporting to elected members. The council has recently undertaken a tendering exercise for the procurement of a new integrated performance and risk management system. It considers that this system will help to embed the cultural change required.

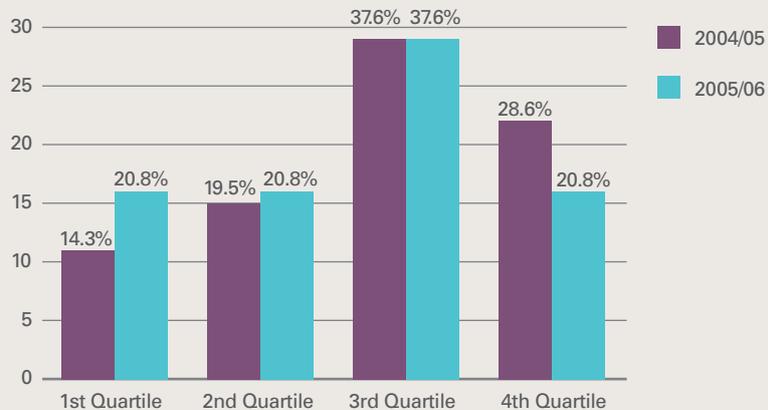
56. A brief was prepared and issued to an external consultant covering strategic planning and performance management ([Exhibit 1, page 8](#)). The brief included key components of a

performance management framework but did not identify the need for the establishment of a robust framework. The findings were delivered to the CMT in September 2007 but have yet to be considered by the council.

57. The CMT considered a report on the PSIF in November 2006. The PSIF is a self-assessment tool which encourages organisations to conduct a systematic and comprehensive review of their own activities and results. It is being implemented by many public sector organisations in Scotland and is supported by the Improvement Service. The council successfully applied to join the second phase of the PSIF and is to roll out the model across the council between June and September 2008. The council's Continuous Improvement Team is overseeing the implementation of the framework with the intention of the full implementation of the PSIF across all council services by December 2008. The council considers that the PSIF will provide a major and timely opportunity for it to make a fresh start on the road to demonstrating continuous improvement and changing their culture. It is not clear how the council will integrate this work with that already under way on the improvement plan.

Exhibit 5

SPI Profiles: proportion of indicators in quartiles 1 to 4



Source: Audit Scotland

Statutory Performance Indicators

The SPIs for 2005/06 show some improvement.

58. SPIs do not give a comprehensive picture of performance across all services, but they do allow for some comparison to be made between councils and over time. The original report was based on SPIs for 2004/05. The council's SPI figures for 2006/07 are now available but the full set of comparative figures with other councils had not been compiled at the time of the preparation of this report and so the latest information available for comparison between councils is for the financial year 2005/06 (which was before the original audit of Best Value was completed).

59. The original report identified a slight improvement in the trend in SPIs between 2002/03 and 2004/05. However, it noted that overall performance was middling with more than a quarter of the indicators among the worst in Scotland. The 2005/06 SPIs indicate continuing improvement with the number of measures in the upper quartile increasing and the number in the lower quartile decreasing; a fifth of indicators were among the worst in Scotland ([Exhibit 5](#)). The council's own monitoring arrangements show similar trends.

Exhibit 6

SPI Profiles: performance change between 2003/04 – 2005/06

	Measures that worsened by:			Measures that improved by:		
	>15%	10-14%	5-9%	5-9%	10-14%	>15%
WDC 03/04 – 05/06	4	5	1	3	5	11
Scotland 03/04 – 05/06	7	3	3	3	3	12

Source: Audit Scotland

Exhibit 7

Reported housing services performance

	2005/06	2006/07
Percentage of rent loss due to voids	6.4%	5.2%
Re-letting times (not low demand)	110 days	56 days
Current tenant arrears	14.5%	12.7%
Homelessness – reassessments	4.9%	2.3%
Homelessness – time taken to process	14.3 weeks	18.5 weeks

Source: Audit Scotland

60. Between 2003/04 and 2005/06 the council's performance improved by at least five per cent on 19 measures while ten measures worsened by at least five per cent (Exhibit 6). This represents a ratio of almost 2:1 improvement to decline. This is above the national average of 1.41. The rate of improvement to decline in the original report was 1.1, with a national average of 1.2.

61. The original Best Value audit report highlighted housing services as an area of poor performance. This was confirmed by Communities Scotland when it issued a formal notice requiring a remedial action plan to be prepared for the service. This was submitted to Communities Scotland in April 2007 and progress will be monitored by them with a full re-inspection of the housing service in 2008-09. The council's reported SPI for housing in 2006/07 shows signs of improvement (Exhibit 7) but there

remains significant work to do to sustain this improvement.

Community engagement

The council has made some progress in reviewing its community engagement activity.

62. The council has made some progress in reviewing the impact and effectiveness of its approach to community engagement, but it has yet to agree its consultation strategy. The current administration is revisiting the council's approach with the emphasis on links with community planning. The CPP is currently reviewing its approach to involving local communities, with the aim of providing greater opportunities to coordinate activity and achieve efficiencies between the activities of the partnership and the council.

63. The focus of the council's improvement activity in relation to community engagement so far has been a limited review of the role of the Community Participation Committee (CPC) within the council's decision-making structures. The external consultant's recommendation was to re-establish the previous arrangements for effective community involvement through a participation committee with a remit to comment in advance on relevant policy proposals.

64. The council should undertake a review of community engagement activity to ensure it meets its needs and is being used to its full potential.

Conclusions



Conclusions

The council has accepted the Commission's findings and developed an appropriate improvement plan. It continues to face significant challenges including developing its strategic leadership, HR and financial capacity. There is an increased commitment to continuous improvement but the council still has much to do to develop a positive culture and environment within which this can flourish. The council is undertaking work in many of the priority improvement areas but would benefit from clearer prioritisation and a greater focus on the impact it expects from its improvement activities.

The council needs to consolidate its approach and increase the momentum it has established to ensure a culture of best value and continuous improvement is systematically embedded throughout the organisation.

65. Since the publication of the Best Value audit report in February 2007, there have been a number of improvements. The council has:

- broadly accepted the need for change, improved strategic leadership and developed an improvement plan which reflects the findings and recommendations of the Commission
- started to increase openness and inclusiveness
- reviewed political and managerial structures and established new structures
- agreed and adopted a revised Community Plan along with its community planning partners
- made use of external support to take forward its approach to improvement.

66. In other areas there has been limited progress:

- The council has not developed medium to longer term strategies, including a financial strategy and workforce planning. HR capacity needs to be strengthened.
- Limited progress has been made in developing the council's strategic capacity. There has been limited investment in developing the strategic leadership capacity of elected members, and the lack of a robust leadership and management development programme is a limiting factor in building senior officer capacity. The council needs a period of stable political and managerial arrangements.
- There is some way to go to demonstrate an improved and positive organisational culture which supports continuous improvement.
- The council did not effectively review all of the key decisions highlighted by the Commission.
- A new scrutiny structure has been established but it is too early to assess its effectiveness.
- The council has made some progress in embedding risk management in its decision-making processes.
- There has been limited progress in establishing robust arrangements from which it can demonstrate the competitiveness of its services.
- The council has not established effective action plans for areas of poor performance and it has made no progress in improving its approach to performance management.
- The council needs to make further progress to improve its community engagement.

67. The challenge for the council is to sustain and build on the improvements already in place. The council needs to review the improvement plan priorities in light of the above and ensure that it has sufficient capacity to maintain the momentum already established and address the areas where progress to date has been limited.

68. The original Best Value report noted some good performance in services. In this follow-up report we have not looked further at service performance. Progress in achieving Best Value will support further improvements in services for people in West Dunbartonshire.

West Dunbartonshire Council

A progress report

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Audit Scotland, 110 George Street, Edinburgh EH2 4LH
T: 0845 146 1010 F: 0845 146 1009
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ISBN 978 1 905634 85 9

This publication is printed on uncoated paper, made from 100% post-consumer reclaimed material.