

The Audit of Best Value and
Community Planning

South Ayrshire Council

Progress report



 AUDIT SCOTLAND

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 44 joint boards and committees (including police and fire and rescue services).

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

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Commission findings

1. When it considered the original Best Value audit carried out on South Ayrshire Council in March 2009, the Accounts Commission acknowledged that some services were performing well. We expressed concern, however, that the council had made limited progress towards delivering best value. We found that it faced severe financial pressures which posed significant risks and which made it more challenging for the council to make the improvements needed.

2. In making its findings, the Commission decided to require a further report from the Controller of Audit on the position of the council as at March 2010, and accepts this follow-up report as fulfilling that requirement. We gratefully acknowledge the co-operation and assistance given to the audit process by the council.

3. The Commission is pleased that the council has responded positively to our findings in 2009, and very much welcomes the good progress that the council has made in addressing many of the areas of concern which we identified and the substantial improvement agenda it faced. The Commission particularly welcomes evidence that many of the elements of best value are now in place; that a culture of continuous improvement is developing throughout the council; and that financial stability has improved and a medium-term financial strategy been developed.

4. We are encouraged that the council has taken a comprehensive approach to improvement, and that it has shown an openness and commitment to seeking and making use of external support and challenge.

5. We acknowledge that, having begun to develop a culture of continuous improvement, the council recognises that it must now demonstrate evidence of improved performance.

6. In recognising this progress, the Commission notes that many of the activities and developments are still at an early stage and there is much still to be done. We welcome the council's recognition of this and urge it to continue the process of change and improvement. Along with other councils, it faces significant financial pressures and likely funding gaps which require radical change across the public sector. It must continue to ensure that it has the capacity for strategic improvement, and keep this under review.

7. We recommend that it moves quickly to ensure that all elements of an effective performance management system are put in place to provide improved information to support effective decision-making and scrutiny of performance. It must also develop its strategic approach to reviewing and improving its services and its capacity to present robust options appraisal.

8. The council is not yet maximising the opportunities for partnership working with neighbouring councils and other public sector bodies, and should increase its focus on this in order to improve outcomes for its citizens. We recommend that it should also pay particular attention to developing its processes for community engagement.

9. On behalf of the Commission, Audit Scotland also continues to work closely with other scrutiny bodies to deliver a shared risk assessment of South Ayrshire Council. An Assurance and Improvement Plan will be available shortly, and will provide a schedule for audit and inspection work to assess continued progress.

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 South Ayrshire Council and the Accounts Commission's findings were published in April 2009. The Commission required a report from the Controller of Audit on the position of the council as at March 2010. This report provides an update on progress of the council in addressing the Accounts Commission findings and against its improvement plan.

The Best Value audit report described a council that had made limited progress in delivering best value and was facing severe financial pressures which posed significant risks to its ability to invest in future improvements and prevent services from deteriorating. The report noted that in the past, elected members and senior officers had not provided sufficient leadership to create a culture of improvement, or systems to manage performance and key resources (like finance, employees and assets) effectively to help it achieve its vision. But leadership was improving and the council had a greater awareness of its weaknesses. It was delivering some good quality services, but improvement was needed.

In its findings, the Commission expressed concern at the council's position. It said that the council had made limited progress towards delivering best value and faced severe financial pressures which posed significant risks and which would make it more challenging for the council to make the improvements needed. The Commission recognised that the council was facing a significant number of hard decisions for the future. It urged the council to put in place an effective system of performance management in addition to developing and using to the full the basic building blocks needed to achieve best value and address its financial position.

The Commission required the council to prepare an improvement plan which was to address the weaknesses in the Best Value Audit report as well as the specific items of concern from its findings:

- The serious financial situation of the council resulting from inadequate financial planning over a number of years.
- The lack of a culture of continuous improvement.
- The council did not manage its resources, risks and performance effectively and lacked a toolkit for Best Value and an effective system of performance management.
- The need to develop community planning and joint working with partners and neighbouring councils.
- The lack of clarity in the roles of members and officers and the need for both elected members and senior officers to establish more effective corporate working and leadership.
- There was little effective scrutiny of performance by members.
- The lack of consistent, good quality customer care.

We gratefully acknowledge the co-operation and assistance provided to the audit team by members and officers of South Ayrshire Council and its partners.

Conclusions

South Ayrshire Council has made good progress in addressing important aspects of the improvement agenda set out in its first Best Value audit report in April 2009. It has improved its financial position and strategic leadership - with elected members and officers working well together, and has begun to establish a culture of continuous improvement throughout the organisation.

The council has put in place the main building blocks of a best value organisation. Many of the activities are at early stages of development and implementation and the council recognises the continuing challenges that lie ahead. Key areas for further development include full implementation of a comprehensive performance management system, developing a more strategic approach to service review and strengthening community engagement.

The council has an ambitious improvement agenda, but now needs to consolidate all improvement activity into a single plan which is effectively prioritised and resourced, and supported by effective project management. In taking forward this agenda and building on the progress made so far the council now needs to more fully involve partners and communities.

1. The council has gone through significant change since the first Best value audit. It has established and is implementing a challenging improvement agenda which covers the issues highlighted in the Accounts Commission findings and the 2009 Best Value audit report. Given the limited time available it has responded well to the significant improvement challenges that it faced at that time.
2. Exhibit 1 summarises the Accounts Commission's recommendations and the action the council has taken to respond to these since June 2009. Further details are in the sections that follow.

Exhibit 1

Summary of council action in response to Accounts Commission findings

Commission area of concern	Action taken
The serious financial situation of the council resulting from inadequate financial planning over a number of years.	<ul style="list-style-type: none"> • Financial strategy adopted – incorporating budget reductions – with targets exceeded. • Stabilising financial position.
The lack of a culture of continuous improvement.	<ul style="list-style-type: none"> • Management restructuring to third and fourth tiers of officers. • Leadership programme implemented. • Leadership engagement events with third and fourth tier officers. • Development of a communications strategy. • Rollout of performance and development review process for all staff.
The council does not manage its resources, risks and performance effectively and lacks a toolkit for Best Value and an effective system of performance management.	<ul style="list-style-type: none"> • Strategic approaches put in place for all aspects of resource and risk management. • Corporate and directorate plans developed. • Reviewed approaches to self-evaluation and performance management.
The need to develop community planning and joint working with partners and neighbouring councils.	<ul style="list-style-type: none"> • Adoption of second Single Outcome Agreement and review of partnership structure to improve alignment of working practices and establishment of theme groups. • Discussions with other partners on joint services • Developing Joint Regulatory Service.
The lack of clarity in the roles of	<ul style="list-style-type: none"> • Applied national best practice by developing local version of

members and officers and the need for both elected members and senior officers to establish more effective corporate working and leadership.	<p>Delivering Good Governance in Local Government framework.</p> <ul style="list-style-type: none"> • Joint leadership training and development activity.
There is little effective scrutiny of performance by members.	<ul style="list-style-type: none"> • Guidance on scrutiny reviews adopted and work programmes agreed. • Training and briefings for elected members.
The lack of consistent, good quality customer care	<ul style="list-style-type: none"> • Short-term strategy adopted, to be reviewed in summer 2010, including establishment of a contact centre and a service centre.

Source: Audit Scotland

3. The council has made good progress in its financial position but financial pressures remain due to the economic climate and future funding gaps. The council recognises the challenges ahead and is improving its approach to budget setting as well as refining the financial strategy. The council intends further enhancements to the planning process; ensuring plans are fully resourced and costed.
4. Leadership skills are developing and elected members and senior officers are working well together. The council has restructured and enhanced its capacity. It has also actively brought in external facilitators to help on key areas. Together these elements are developing an improvement culture throughout the council.
5. The council has made good progress in putting in place key elements of a performance management framework which includes preparing a new corporate plan and directorate plans. However, reporting on these plans has yet to take place, limiting the ability of elected members to be clear on how the council is performing. The council has recently agreed to purchase a performance management software system which will enable it to monitor and report on performance more effectively. The council recognises that it still has much to do before it has a comprehensive performance management system in place and is establishing the necessary processes and systems it needs to do this.
6. Scrutiny has developed well and the council needs to continue to improve the quality of information made available to elected members. This will be helped by the planned improvements to performance management.
7. The council is developing a more strategic approach to managing its resources like finance, people and assets. However, it does not yet have the same approach to reviewing and improving its services. The approach to customer care is developing well and the council has piloted two new approaches over the last year – a customer contact centre and customer service centre. Early results suggest that there is scope for further improvement in both pilot areas and this should be considered before rolling out a planned customer service programme.
8. Community planning and joint working is developing. The community planning partnership works well together although the council could make more use of it in considering how it can share and join up services.

9. Many of the activities are at early stages of development and implementation and the council recognises the continuing challenges that lie ahead. The council needs to prioritise some essential areas such as performance management and service review. It plans to develop a comprehensive improvement and change programme and it should ensure the programme is adequately resourced and supported by good strategic management. The council should ensure that it has the capacity to deliver on the programme.

10. The council is making progress and heading in the right direction. It recognises that it still has much to do in becoming a best value organisation and has set itself a challenging improvement agenda. It needs to build on the work it has already undertaken particularly focusing on the areas where further work is required.

Progress in South Ayrshire Council

The council's 'improvement agenda'

The council has made good progress against its improvement agenda although much of the work is at the early stages of development and implementation. It needs to consider further prioritisation to effectively deliver the desired impact.

11. In July 2009 the council agreed an improvement agenda. This was largely designed to respond to the issues and recommendations made by the Accounts Commission in response to the 2009 Best Value audit report, but also took into account the council's own identified improvement actions and areas for improvement previously identified by external audit. The improvement agenda consists of 12 themes (Exhibit 2).

Exhibit 2

South Ayrshire Council: 'Improvement Agenda' themes

- Sustained financial health
- Strategic planning and the golden thread
- Leadership capacity
- The roles of members and senior officers
- Performance management
- Service modernisation and review
- Activities related to efficiency and effectiveness
- Core information and communications technology (ICT) systems
- Customer care
- Joint working and shared services
- Communication and engagement
- Information and training for elected members

Source: South Ayrshire Council

12. The Council's senior management group is providing clear leadership in the improvement agenda, with governance arrangements which allow for appropriate oversight by elected members. The Corporate Management Team (CMT) acts as the Improvement Programme Board. It considers progress on the improvement programme every eight weeks, providing a clear focus at a senior level on the implementation of the improvement agenda. Each improvement theme is led by a member of CMT or a head of service, and progress is formally reported to the Leadership Panel (which is a cabinet-style body providing the strategic leadership of the Council and consisting of seven strategic portfolio holders: five Conservatives, the Scottish National Party group leader, and one independent

member). More detailed scrutiny of each improvement theme is carried out by the Corporate and Community Planning Standing Scrutiny Panel (one of three scrutiny panels covering the Council's strategic agenda; the other two being community services, and development and the environment).

13. The council reports that good progress has been made in taking forward the improvement actions relating to all key improvement themes, with some slippage in core information and technology systems. This is a largely accurate assessment of progress and is a good response to the Accounts Commission's agenda. The council recognises that there is still much to do. At the time of our audit, some important aspects of the improvement agenda were not yet in place, despite indications in the programme that they would be. These are the council's revised approach to service review and a new performance management system. As these are both important building blocks for Best Value, the council should prioritise these areas to help support other related aspects of the improvement agenda such as scrutiny.
14. The council acknowledges that to provide greater coherence to its improvement efforts it must now develop a comprehensive improvement and change programme. This should set out how:
 - the various aspects of its best value approach relate to each other
 - these are prioritised and relate to financial, people and physical resources
 - these relate to community needs and aspirations
 - they relate to improving service quality.

Leadership and culture

Elected members and senior officers are working together more effectively and a culture of continuous improvement is beginning to develop throughout the organisation.

15. The Accounts Commission identified the need for both elected members and senior officers to establish more effective corporate working and leadership. It recognised that recent senior level appointments and more effective cross-party working were beginning to improve leadership but that it was too early at that stage to assess their effectiveness. The Commission also highlighted the lack of a culture of continuous improvement within the council.
16. Elected members and officers relationships continue to develop. This has been helped by more clearly setting out the respective roles of officers and members through the adoption of the Delivering Good Governance in Local Government Framework (Cipfa/Solace) to help officers and members to discharge their respective accountability for the proper conduct of business. Joint leadership development training between members and officers has taken place and this is supported by annual personal development planning for elected members and appraisal for senior officers. Leadership development is considered a joint endeavour between officers and elected members.
17. The chief executive and CMT show a clear commitment to corporate leadership. In addition to weekly meetings, it meets every eight weeks as a 'strategic CMT' to discuss more strategic issues and to act

as a programme board to discuss the improvement agenda. It also meets every eight weeks as an 'extended CMT' (including heads of service and the managing director of Ayr Renaissance LLP (limited liability partnership company for the regeneration of Ayr Town Centre). Heads of service are now leading and collaborating on many corporate issues such as community engagement, risk management and asset management. Senior officers demonstrate a clear, consistent sense of purpose. The chief executive and his colleagues on the CMT are well regarded by colleagues and community planning partners for being clear about their commitment to change and improvement.

18. The council is enhancing its capacity and is open to external challenge. It has shown a genuine willingness to learn from others. During the 2009 Best Value audit, it put in place a new organisational and chief officer structure including 12 heads of service posts, six of whom were recruited externally. The management restructure continues, with restructuring at third and fourth tiers nearly complete. The council also engages external help (critical friends) to advise the CMT on strategic improvement. External facilitators advise on various issues including the development of a performance management system. External consultants helped in developing the risk management strategy.
19. The council is developing an improvement culture throughout the organisation. The council's critical friends have been working with employees at different levels in the organisation. They report positive signals of staff being aware of, and being committed to, an improvement culture and that they appear supportive of the council's plans to improve its services. At the time of this audit, the council were awaiting the results of a staff survey. This will be an important marker for the council in establishing how much progress it is making in nurturing this culture. It is important that the council carefully considers the staff survey results.

Strategic and operational planning

The council has made good progress in agreeing a corporate plan and developing directorate plans to better link service activity to corporate strategic objectives. It recognises that directorate plans need further development to include measurable objectives and have clear links to resource planning.

20. The 2009 Best Value Audit noted that the council had an ambitious vision but it was not supported by clearly resourced and targeted plans or defined measures of success. In October 2009 the council agreed a corporate plan covering the period 2009/12. This plan bridged a gap that previously existed between the council's vision "Securing the Future", the community plan "A Better Future Together" and the council's departmental service plans.
21. The council's corporate plan sets out the high level objectives of the Council from April 2009 to March 2012 and targets linked to these objectives. These objectives are not however prioritised. The council recognise this as an issue and the chief executive will be working with elected members during summer 2010 to establish clear priorities that will focus activity on key areas. It will be crucial that the Council's approach to modernising services is based on helping deliver these priorities.
22. Directorate plans were also established in October 2009 and were revised in April 2010 to take account of the 2010/11 budget and to update objectives to take account of revised risk assessments.

The plans link to the corporate plan, council vision and SOA but there is still scope for further improvement. There are limited measurable targets and objectives which inhibits effective monitoring. The plans need to link with resources such as finance and people. The council recognises this and plans to integrate resource plans with directorate plans from April 2011.

23. Improvements to the council's planning process are providing clearer links between the strategic vision through to employees' personal development reviews, linking personal objectives with the council objectives (its 'golden thread'). The performance and development review system is currently being rolled out across all areas. Service plans (below the directorate plans) vary in style and content. The council needs to ensure that this does not compromise this golden thread.

Community planning and partnership working

The SOA is providing a focus for the community planning partnership and there have been improvements to the arrangements and relationships. The council could make more use of the community planning partnership in considering how it can share and join up services to make better use of resources and improve outcomes for local people.

24. The Accounts Commission noted that there were examples of joint working which was producing some positive outcomes in disadvantaged neighbourhoods. However, it highlighted the need for the council to develop community planning and joint working with partners and neighbouring councils.
25. The single outcome agreement (SOA) has provided more focus for the local Community Planning Partnership (CPP). The CPP has recently reviewed its thematic group structure to improve alignment of working practices. The new structure helps it to work more effectively. Partners state that the council now provides stronger direction at board and theme group levels. It has made progress in developing its relationship with the voluntary sector and has agreed a joint compact - a set of principles explaining the relationship between the public and voluntary sectors. The Board provides strategic oversight of CPP-wide issues and of the theme groups' progress, although it needs to improve the performance information it uses. Currently, performance reports to the partnership depend too much on process information rather than progress against proposed outcomes. The council aims to extend its performance management system to the community planning partnership. The council is working with the NHS to do this.
26. The council is exploring various options for sharing and joining up services. The chief executive meets with his peers from the other two Ayrshire councils and there is a formal Ayrshire Shared Services Group involving the three Ayrshire councils and NHS and police. However, examples of progress are as yet limited. Emergency planning operates across all Ayrshire authorities (Ayrshire Civil Contingency Unit) and is based at Prestwick Airport. The main project - the Ayrshire Joint Regulatory Service - has been rescheduled and won't now be in place until April 2011, a full year beyond the initial planned launch. Within the partnership arena, there is limited evidence of the CPP board considering joint service provision. The council needs be clearer in how it involves the CPP in such deliberation.

Engaging with communities

The council has recently developed a communications strategy. It plans to build on this to develop more coherent arrangements for engaging with communities, an area which is currently underdeveloped.

27. The 2009 Best Value audit report noted that the council uses a broad range of methods for consulting people who use services and community representatives but it did not have a community engagement strategy. It also recognised that the council needed to better evaluate consultation results and along with partners use consultation more effectively to help develop policies.
28. At the time of the follow up audit, the council was in the process of adopting a communications strategy. The strategy is ambitious, as it sets out the council's principles for communicating internally, with partner organisations and with the people it serves. It contains a full action plan, although resource implications are not clear as they are not specified in the plan. As it was just being put in place at the time of the audit, it is too early to say how effective the strategy will be.
29. The council has taken forward some initiatives to engage with communities in specific localities. In late 2009 it held a series of what it termed 'community conversations' to set out and discuss its improvement agenda and the Council's financial position. These were received well by participants, but numbers taking part were low. The council has also set up a group with community representatives to consider the future regeneration of Girvan.
30. The council acknowledges that its current arrangements for community engagement are not well developed. It is committed to putting in place a comprehensive approach to community engagement, based on the National Standards for Community Engagement, by October 2010. It also plans to undertake a consultation in the autumn on developing an area forum structure. Given its potential strategic significance to the council's relationship with its communities, it will be important that this is implemented effectively.

The council's financial position

The council's financial position has improved and it now has established a medium term financial strategy. Financial pressures remain due to the economic climate, demographic change resulting in an increase in service demand and future funding gaps. The council is actively managing these risks but it would benefit from introducing more detailed financial plans.

Financial strategy

31. In its findings, the Accounts Commission noted with concern the council's serious financial position. The council had not built up reserves sufficiently and had not set aside adequate funding for equal pay and single status implementation. At 31 March 2008, the council's general fund balance of £2.7 million (equivalent to 1.25 per cent of its net operating expenditure) represented the lowest general fund reserve of any Scottish council. Of this balance, only £0.1 million (less than 0.1 per cent of net operating expenditure) had not already been allocated to meet commitments in 2008/09.

32. The council agreed a financial recovery strategy in 2008 with an aim of having a £2 million uncommitted general fund balance by March 2010. Challenging decisions that it made on management structures and service rationalisation, a windfall VAT refund (achieved after vigorous pursuing by the council) and rigorous budgetary control had resulted in the council exceeding its recovery strategy target. By March 2009, the council reported a £4.3 million uncommitted general fund balance.
33. The council predicts that the uncommitted general fund balance will improve further this year, to around £6.8 million this year. This shows good progress in building up the general fund balance. The council has recently reviewed its general fund reserves and agreed a target uncommitted general fund balance of £8 million by March 2013 as being a prudent level of reserves to meet unexpected future events.
34. In line with other authorities, the council continues to face financial pressures and expects revenue funding shortfalls of £34 million and capital funding shortfalls of almost £22 million over the next three years. There is continuing uncertainty about the return of the council's £5 million investment from an Icelandic bank which collapsed in October 2008. The council is following national guidance provided to local authorities on this matter.
35. A medium-term financial strategy for 2010/13 was agreed in June 2009. It outlines the current economic outlook, funding gap pressures and the actions to be taken by the council to address the financial position. The strategy was updated in March 2010 to reflect the Scottish Government's funding projection for the council covering 2010-2014. This provides the council with a good base for developing more detailed financial plans to complement the financial strategy.

Budget setting

36. The council is putting in place a budget-setting process to clearly reflect council priorities. Budget setting previously has not been fully aligned to members' priorities. The CMT is now considering the 2011/12 budget-setting process. The council plans to work closely with elected members during summer 2010 to identify priorities early, setting the framework for the budget setting process for 2011/12.
37. The budget setting process is outlined within the Financial Strategy. To ensure all political groups are kept informed, the council has put in place member seminars and regular meetings with finance officers. These arrangements must ensure elected members are fully informed of the cost implications of any priorities they take.

Managing performance and improvement

Managing performance

The council is developing a culture of performance management and has made progress in putting in place key elements to support an effective performance management system, but it acknowledges that some important elements are not yet in place.

38. In its findings from the 2009 Best Value Audit, the Accounts Commission urged the council to give priority to putting in place an effective system of performance management. The council has made good progress in developing a culture of continuous improvement and establishing best value building blocks as part of its comprehensive corporate performance management arrangements, but it acknowledges that it still has some way to go.
39. A performance working group was established in 2009 with a remit of reviewing existing performance review activity in South Ayrshire Council as well as performance management systems used by other councils. The council has recently (April 2010) agreed which performance management system to buy. It is essential that the implementation of the new system is project managed effectively, with the aim of having it fully operational by April 2011.
40. To complement the performance management system the council has recently decided to adopt the 'how good is my council' as its self evaluation improvement framework. The council needs to ensure both aspects are considered jointly and the implications, both financially and in terms of capacity, are fully considered and managed effectively.
41. Senior officers have put time into involving and gaining the commitment of staff across directorates in developing performance management. Putting this culture in place is one of the main challenges of making sure performance management works effectively. Without an effective performance management system in place it is difficult to establish if service performance is improving or declining and therefore to take appropriate actions.
42. At present the council publishes an annual calendar containing selective performance information, and a newsletter. In developing its performance management system, the council is clear on the progress it needs to make in developing its approach to public performance reporting. It plans to set up focus groups to consider how best to take this forward; it is also considering publishing a council newspaper.

Service reviews

The council does not yet have a sufficiently strategic approach to reviewing and improving its services.

43. The Best Value audit report identified that while the council had carried out a range of Best Value reviews these had had limited impact on service performance and on improving ways of working. There also had been difficulties in completing a number of them, with some ongoing for many years.

44. The council's improvement agenda identified the need to establish a systematic programme of service modernisation and review, prioritised around customer focus, improved service delivery, efficiency and contribution to the council's financial sustainability. It made a good step forward in October 2009 by rationalising its various review activities into a clearer programme and linking this to planned budget savings. This programme is, however, mainly a continuation of previous activities. The council acknowledges that it needs to develop a more systematic and strategic approach to reviewing and improving its services. This remains under development and needs to be established urgently if it is to support the council in identifying strategic efficiencies and service modernisation.

Scrutiny

Scrutiny has developed well but the council needs to continue to improve the quality of information made available to elected members. The limitations of performance management reports continue to limit the ability of elected members to be clear on how the council is performing.

45. The Accounts Commission's findings said that there was little effective scrutiny of performance by elected members. The Best Value audit report highlighted the need for better information to support effective decision-making and scrutiny of performance, as well as additional training for elected members.
46. Scrutiny has continued to develop well and our observations suggest that it is done constructively. Elected members have not yet received any performance management reports on directorate plans or the corporate plan. This compromises the ability of the political leadership of the council to lead and influence the council's strategic direction. The council intends that six monthly performance reports will be prepared against the corporate and directorate plans starting in June 2010. Performance scrutiny workshops for elected members are planned for June 2010 to help them scrutinise the reports effectively.
47. Guidance on scrutiny reviews – those undertaken by elected members on scrutiny panels – is in place, and there are plans for a further session of scrutiny training for elected members. Work programmes have also been agreed for all scrutiny panels. Members have reported to us that information quality is improving.

Customer care

The council has made some good steps in developing its approach to dealing directly with customers. But early indications of performance so far of the new customer contact centre and service centre suggest considerable scope for improvement.

48. In its findings, the Accounts Commission noted the council's "lack of consistent, good quality customer care". The council started to address this concern in August 2009 by adopting its first customer service strategy. The strategy sets out the council's commitment to customer services and includes details on piloting customer contact and service centres.
49. The council's customer contact centre in Ayr opened in February 2010, dealing with council tax and general enquiries and waste uplift requests. Data gathered since the centre was opened shows that

the council is not achieving its target of having all calls answered within 60 seconds: 25 per cent of calls are abandoned and the average queuing time for calls is 2-3 minutes. The council was previously unable to determine numbers of abandoned calls or caller waiting times. Further work is required if planned improvements to customer service are to be secured. CMT are working to ensure that the centre has sufficient staff and with the right skills mix.

50. The CMT plans to extend the services offered through the contact centre to include customer complaints, housing repairs and switchboard services. The council needs to fully evaluate and reflect on results from the contact centre to ensure effective implementation of these plans.
51. The council's customer service centre opened as a pilot scheme in Girvan in autumn 2009. Its purpose is to enable the council to deal with customer enquiries in one visit and to standardise how the council provides services to customers in person. Although now open for six months, the business systems to allow it to work effectively are only now being implemented. The plan is to develop further service centres in Ayr, Troon, Prestwick and Maybole. The council does not yet have any performance data or customer feedback information to show whether the existing service centre is achieving its objectives. The council cannot properly evaluate whether it needs to take any action to improve performance or if it is achieving best value. This also has to be considered and reflected upon in any further roll-out of the initiative.

Managing resources

Managing people

The council is progressing its approach to making better use of its staff resources. It is developing a workforce strategy. More comprehensive workforce planning will help the council deliver on its improvement agenda. It has put in place a more strategic approach to handling staff absence.

52. The Accounts Commission in its findings noted that the council did not manage its resources effectively. The Best Value audit report noted that:
 - the council had no workforce strategy
 - it was not applying staff appraisal consistently
 - single status and equal pay had not been implemented
 - sickness absence among staff was rising.
53. The Council has made good progress in most of these areas. The council is at the early stages in developing a workforce strategy. It plans to develop corporate workforce and skills planning by April 2011. This work is supported by an action plan with clear milestones. While the action plan is generally comprehensive, the approach to issues associated with delivering strategic priorities and modernising services, such as deployment and succession planning, is less clear.
54. A performance development and review process had been completed for all staff by March 2010, however it is too early to assess its effectiveness. The council should monitor and report on the quality

and impact of the new process and develop it as appropriate. Single status and equal pay were agreed and implemented in August 2009.

55. Staff absence levels are showing signs of improvement. The council has carried out a strategic review of staff absence and the CMT receive monthly reports. There is an increasing use of occupational health and managers are using interventions to prevent ill health and support return to work.

Managing assets

The council is making good progress in developing its approach to property asset management, and has recently started a programme of property rationalisation.

56. Asset management was identified as needing considerable improvement in the 2009 Best Value audit report, with significant scope to rationalise assets and better share assets with partners to improve efficiency. The findings of the Accounts Commission were that the council generally did not manage its resources effectively.
57. The council has developed an interim property asset management plan, which is an important step forward. The focus of the plan is to rationalise and better manage property assets, which will help improve efficiency. However, the council acknowledges that it is not yet aligned with the council's strategic aims and vision or wider corporate planning.
58. The council has recently progressed a programme of property rationalisation. Proposals went to the CMT in April 2010 to close some properties which the interim asset management plan had identified for closure. This will deliver savings as part of the council's budget review.

Managing risk

Good progress has been made in improving the council's arrangements for managing risk management. It recognises that there is more work to do in developing a risk management culture.

59. In its findings on the Best Value Audit report, the Accounts Commission specifically identified that the council did not manage risks effectively.
60. The council has made good progress with risk management arrangements with external support. A revised strategy is in place along with corporate and directorate risk registers which are in line with the council's corporate aims. Individual officers responsible for managing specific risks are set out and there is a clear framework for reporting and reviewing the strategy and registers.
61. Progress has been made with the arrangements and they are now more effective and the council now needs to focus on embedding a culture of risk management. The council is working on this by providing training to members and establishing 'risk owners' who are responsible for maintaining and updating risks in their areas.

Implementing business systems

The council has ambitious plans in developing key business systems. It must continue to ensure effective project management arrangements are in place to allow effective delivery of these solutions.

62. The Best Value audit report identified serious weaknesses in implementing key business systems through effective project management and resourcing. The council include this as a key strand of their improvement agenda.
63. The council has faced some delays in implementing key business systems. The council introduced a new financial ledger system (Oracle) in 2003 and has been working since that time to transfer all feeder systems from the original system (Cfacs) to the new system. The council has worked hard over the last year in planning the transfer of payroll to Oracle and implementing a new Oracle human resource (HR) module. Procurement complexities out with the council's control have delayed this project but have recently been resolved. The council must now ensure the pace of the Oracle HR implementation is stepped up. A project group and project board are taking forward the rollout of the Oracle i-procurement project. The council must ensure that these are now delivered as intended through good project management.
64. The council is introducing a unified office communications system in collaboration with Microsoft. It will be the first council in Scotland with such a system, which is planned to be fully operational by June 2010. Benefits expected from this system include improved communications, more flexible working and cost savings. Again it is vital that the council has effective project management in place to ensure that it achieves its expected efficiencies on time.

South Ayrshire Council

Progress report

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