

The Accounts Commission for Scotland

Agenda

Meeting on Thursday 17 May 2012,
in the offices of Audit Scotland, 18 George Street, Edinburgh

The meeting will begin at 10:00 am

1. **Apologies for absence**
2. **Declarations of interest**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 11 to 14 in private.
4. **Minutes of meeting of 15 March 2012**
5. **Minutes of meeting of the Performance Audit Committee of 29 March 2012**
6. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
7. **Controller of Audit:** The Commission will consider a report by the Secretary and Business Manager.
8. **Local government election 2012:** The Commission will consider a report by the Secretary and Business Manager.
9. **Update report by the Controller of Audit:** The Commission will consider a report from the Controller of Audit on significant recent activity in relation to the audit of local government.
10. **Best Value Audit – Midlothian Council:** The Commission will consider a report by the Controller of Audit.
11. **Best Value Audit – Dumfries and Galloway Constabulary:** The Commission will consider a report by the Controller of Audit.
12. **Best Value Audit – Midlothian Council:** The Commission will consider the action it wishes to take on the report.
13. **Best Value Audit – Dumfries and Galloway Constabulary:** The Commission will consider the action it wishes to take on the report.
14. **The audit of community planning partnerships:** The Commission will consider a report by the Controller of Audit.
15. **National Fraud Initiative: 2010/11 exercise:** The Commission will consider a report by the Assistant Auditor General.
16. **Any other business**

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of the meeting of the Commission of 19 April 2012	AC.2012.5.1
Agenda Item 5: Minutes of the meeting of the Performance Audit Committee of 29 March 2012	AC.2012.5.2
Agenda Item 7: Report by the Secretary and Business Manager	AC.2012.5.3
Agenda Item 8: Report by the Secretary and Business Manager	AC.2012.5.4
Agenda Item 9: Report by the Controller of Audit	AC.2012.5.5
Agenda Item 10: Report by the Controller of Audit	AC.2012.5.6
Agenda Item 11: Report by the Controller of Audit	AC.2012.5.7
Agenda Item 14: Report by the Controller of Audit	AC.2012.5.8
Agenda Item 15: Report by the Assistant Auditor General	AC.2012.5.9

ACCOUNTS COMMISSION

MEETING 17 MAY 2012

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 15 March 2012, at 10am

PRESENT: John Baillie (Chair)
Michael Ash
Sandy Cumming
James King
Christine May
Linda Pollock
Graham Sharp
Douglas Sinclair (Deputy Chair)

IN ATTENDANCE: Robert Black, Auditor General for Scotland [Item 12]
Barbara Hurst, Director of Performance Audit [Item 12]
Diane McGiffen, Chief Operating Officer, Audit Scotland [Item 12]
Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement (BVSI)
Paul Reilly, Secretary and Business Manager
Ronnie Nicol, Assistant Director, Performance Audit
Gordon Neill, Portfolio Manager Best Value, BVSI [Items 8 to 11]
Kathrine Sibbald, Project Manager, BVSI [Items 8 and 10]
Mark McCabe, Project Manager, BVSI [Items 9 and 11]
Antony Clark, Assistant Director, BVSI [Item 12]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 16 February 2012
5.	Minutes of the meeting of the Financial Audit and Assurance Committee of 9 February 2012
6.	Chair's introduction
7.	Update report by the Controller of Audit
8.	Best Value Audit – Lothian and Borders Fire and Rescue
9.	Best Value Audit – Strathclyde Fire and Rescue
10.	Best Value Audit – Lothian and Borders Fire and Rescue
11.	Best Value Audit – Strathclyde Fire and Rescue
12.	The audit of community planning partnerships
13.	Any other business

1. Apologies for absence

Apologies for absence were submitted from Alan Campbell, Colin Duncan, Bill McQueen and Colin Peebles.

2. Declarations of interest

There were no declarations of interest.

3. Decisions on taking business in private

The Commission agreed to take the following items in private:

- Items 10 and 11, to allow deliberations on actions arising from the reports
- Item 12, to allow consideration of work in progress.

4. Minutes of meetings of 16 February 2012

The minutes of the meeting of 16 February 2012 were submitted and approved.

5. Minutes of the meeting of the Financial Audit and Assurance Committee of 9 February 2012

The minutes of the meeting of the Financial Audit and Assurance Committee of 9 February 2012 were submitted and approved.

6. Chair's introduction

The Chair reported that—

- On 1 March, he undertook television interviews on the *Commissioning social care* report.
- He undertook various media activities in relation to the Best Value audits of Grampian and Highlands and Islands Fire and Rescue, including podcasts on 1 March and interviews for radio and television on 8 March (Highlands and Islands) and a podcast on 13 March (Grampian).
- On 8 March he undertook a podcast for the report *An Overview of Local Government in Scotland 2012*.
- On 9 March 2012, he and the Deputy Chair attended the first meeting of the Community Planning Partnership and Outcomes Audit Project Steering Group.
- On 13 March 2012, he and the Audit Scotland Board hosted members of the Scottish Commission for Public Audit at the Audit Scotland offices
- On 15 March 2012, he attended – along with the Auditor General for Scotland and Audit Scotland representatives - a briefing with the Scottish Parliament's Public Audit Committee on the *Commissioning Social Care* report

- The Commission's annual strategy seminar would take place in April and, consequently, there would be no meeting of the Commission in April, with the next meeting to take place on 17 May 2012.

7. Update report by the Controller of Audit

The Commission considered and noted a report by the Controller of Audit providing an update on significant recent activity in relation to the audit of local government.

During discussion the Commission agreed:

- That the Controller of Audit provide information on the positions of the statutory finance officer in Aberdeenshire and Shetland Islands councils.

(Action: Controller of Audit)

- That discussion take place with the Auditor General for Scotland and Audit Scotland about the process involved in participating in private briefings with parliamentary committees.

(Action: Chair and Controller of Audit)

Thereafter the Commission agreed to note the report.

8. Best Value Audit: Lothian and Borders Fire and Rescue

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit of Lothian and Borders Fire and Rescue, and seeking direction on how to proceed.

The Commission sought clarification and further explanation from the Controller of Audit and the audit team on a number of points in the report.

During discussion, the Commission agreed that the following issues be considered for inclusion in its report on an overview of the Best Value audit of fire and rescue services, to be published by the Commission later in 2012:

- Procurement, including any partnership activity in this regard
- Performance appraisal of senior fire officers
- The use of casualty figures in strategic planning and performance management
- How fire and rescue boards use performance management
- Sickness absence management

(Action: Controller of Audit)

The Commission agreed to note the report and to consider in private its findings.

9. Best Value Audit – Strathclyde Fire and Rescue

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit of Strathclyde Fire and Rescue, and seeking direction on how to proceed.

The Commission sought clarification and further explanation from the Controller of Audit and the audit team on a number of points in the report.

During discussion, the Commission agreed that national trends be considered for inclusion in its report on an overview of the Best Value audit of fire and rescue services, to be published by the Commission later in 2012:

- Inter-relationships between crewing levels, public safety and value for money
- Sharing and learning from good practice
- Sickness absence management

(Action: Controller of Audit)

The Commission agreed to note the report and to consider in private its findings.

Given that this audit is the last of a series of eight audits of fire and rescue services that the Commission has considered over its past four meetings, the Controller of Audit conveyed his thanks to the audit teams for undertaking this piece of work. The Chair agreed and expressed the appreciation of the Commission.

10. Best Value Audit - Lothian and Borders Fire and Rescue (in private)

The Commission agreed that this item be held in private to allow it to consider actions in relation to its findings.

Following discussion, the Commission agreed to make findings as contained in the report to be published in early course.

11. Best Value Audit – Strathclyde Fire and Rescue (in private)

The Commission agreed that this item be held in private to allow it to consider actions in relation to its findings.

Following discussion, the Commission agreed to make findings as contained in the report to be published in early course.

12. The audit of community planning partnerships

The Commission considered a report by the Director of Best Value and Scrutiny Improvement providing a further update on recent progress in relation to the Cabinet Secretary's request that the Accounts Commission, working with Audit Scotland, develop and test proposals on how external scrutiny might support the better delivery of outcomes at the level of community planning partnerships. The report also provided an overview of the Scottish Government/COSLA review of community planning and single outcome agreements.

The Chair welcomed Caroline Gardner (ex-Deputy Auditor General and Controller of Audit) and Sally Hammond (Associate Director, Policy, Analysis and Research

Directorate, Audit Commission), who undertook brief presentations on issues and challenges associated with auditing partnerships.

There followed a discussion on the issues raised in the presentations. The Chair welcomed Robert Black, Auditor General for Scotland, who took part in the discussion.

Thereafter the Commission agreed to note the update report.

The Chair thanked Caroline Gardner and Sally Hammond for their attendance.

DRAFT

ACCOUNTS COMMISSION

MEETING 17 MAY 2012

MINUTE OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 29 MARCH 2012

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 29 March 2012, at 10.30am.

PRESENT: Douglas Sinclair (Chair)
Mike Ash
John Baillie
Alan Campbell
Jim King
Christine May
Colin Peebles

OTHER COMMISSION MEMBERS PRESENT: Graham Sharp

IN ATTENDANCE: Barbara Hurst, Director, Performance Audit Group (PAG)
Fraser McKinlay, Director, Best Value and Scrutiny Improvement (BVSI)
Paul Reilly, Secretary and Business Manager
Angela Canning, Assistant Director, PAG [Item 4]
Phil Grigor, Project Manager, PAG [Item 4]
Angela Cullen, Assistant Director, PAG [Item 5]
David Muir, Auditor, Audit Services Group [Item 5]
Dick Gill, Portfolio Manager, PAG [Item 5]
Michael Oliphant, Project Manager, PAG [Item 5]
Christopher Spratt, Project Officer, PAG [Item 5]
Ronnie Nicol, Assistant Director, PAG [Item 7]

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 2 February 2012
4.	Health inequalities – draft project brief
5.	Major capital investment in councils – draft project brief
6.	Lean review of project management framework - update
7.	Update on Performance Audit Programme and Best Value and Scrutiny Improvement work
8.	Date of next meeting
9.	Any other business

1. Apologies for absence

There were no apologies for absence.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 2 February 2012

The minutes of the meeting of 2 February 2012 were submitted and approved.

In relation to paragraph 6 of the minute (Update on performance audit programme and BVS work), it was agreed that all Commission members be provided with papers of the Strategic Scrutiny Group.

[Action: Secretary and Business Manager]

4. Health inequalities – draft project brief

The Committee considered a report by the Director of Performance Audit seeking approval of the project brief for the performance audit of health inequalities in Scotland.

During discussion, the Committee noted clarification from the Director that Commission members should always be invited to meetings of project advisory groups, to act as an observer.

The Committee agreed the project brief subject to consideration being given to the following points

- That stakeholders for the audit should include councils
- That the audit should seek to comment on the wider costs to society (paragraph 13)
- That UK regional measures be considered for inclusion in the audit (issue 1.2 of issues and investigation matrix)
- Seeking views of the third sector and frontline staff, such as community midwives
- That the audit clarify the roles of the main stakeholders involved in the health inequalities agenda
- That the audit examine how strategies are co-ordinated at a local level
- That the audit examine the alignment of local and national targets health targets

[Action – Director of Performance Audit]

5. Major capital investment in councils – draft project brief

The Committee considered a report by the Director of Performance Audit seeking approval of the project brief for the performance audit of on major capital investment in councils.

The Committee agreed the project brief subject to consideration being given to the following points:

- That the audit examine option appraisal processes, including the use of case studies, with issue 3.2 of the investigations matrix to reflect accordingly
- That the audit examine good practice in relation to benefits realisation strategies, including the involvement therein of service users
- That the audit examine strategic management of assets and estates
- That the audit examine the revenue implications of facilities management

- That the audit examine the capital and revenue implications of building design

[Action – Director of Performance Audit]

6. Lean review of Performance Audit Group’s project management framework – update

The Committee considered a report by the Director of Performance Audit providing an update on the lean review of the Performance Audit Group’s process for carrying out performance audits (i.e. its Project Management Framework).

During discussion, the Committee agreed:

- That the Director circulate - for comment to all Committee members, and for information to the other Commission members - a specimen shorter project brief
- That the Director circulate more detail of the priority issues identified in the exercise
- To note advice from the Director that she would submit to the next meeting a discussion paper on managing the rolling programme of performance audits
- That the Director provide six-monthly updates on the progress of the lean review
- To note that, in relation to the potential for the streamlining of printing and publishing arrangements, the Director would report to a future meeting of the Committee on the outputs from an ongoing Audit Scotland corporate project on e-publications

Thereafter the Committee noted the report.

[Action – Director of Performance Audit]

7. Update on Performance Audit Programme and Best Value and Scrutiny Improvement work

The Committee considered a joint progress report by the Directors of Performance Audit and Best Value and Scrutiny Improvement on Performance Audits, the How Councils Work series and information on development work to support the performance audit rolling programme approach.

During discussion, the Committee agreed:

- To have a special meeting on 19 July 2012 to discuss the emerging messages from the Reducing reoffending report
- To bring forward the *Housing Overview* audit into the performance audit programme with a starting date early in 2012/13., with the following issues to be considered during scoping:
 - Population and projected demand, including for example single person households and houses of multiple occupation
 - Impact of welfare reform, including in relation to the private landlord sector
 - Issues associated with mixed tenure housing
 - Energy efficiency

Thereafter the Committee noted the report.

[Action – Director of Performance Audit]

8. Date of next meeting

The next meeting is scheduled for Thursday, 5 July 2012, at 10.30am.

ACCOUNTS COMMISSION

MEETING 17 MAY 2012

COVER NOTE BY SECRETARY & BUSINESS MANAGER

CONTROLLER OF AUDIT

Purpose

1. The purpose of this report is to advise the Commission of the progress of the process to recruit a new Controller of Audit, and to seek the Commission's approval to proceed further and conclude the matter.

Background

2. In September 2011, the Cabinet Secretary for Finance and Sustainable Growth agreed to the proposal of the Accounts Commission to extend the period of appointment of Fraser McKinlay as Controller of Audit for a period of five months to 29 February 2012, in line with Section 97(4) of the Local Government (Scotland) Act 1973.
3. In February 2012, the Cabinet Secretary agreed to the Commission's proposal that the appointment be extended for a further period of three months to 31 May 2012. This was to allow the Commission to proceed to a permanent appointment to the position.

Proposal

4. To this end, and following a competitive process, the Chair would like to recommend to the Accounts Commission that it approves the appointment of Fraser McKinlay as Controller of Audit, subject to the approval of the Cabinet Secretary.

Conclusion

5. The Commission is invited to consider the recommendation of the Chair that it approve the appointment of Fraser McKinlay as Controller of Audit, subject to the approval of the Cabinet Secretary

Paul Reilly
Secretary and Business Manager
4 May 2012

ACCOUNTS COMMISSION

MEETING 17 MAY 2012

REPORT BY THE CONTROLLER OF AUDIT

UPDATE REPORT

Introduction

1. The purpose of this regular report is to provide an update to the Commission on significant recent activity in relation to the audit of local government.
2. It is intended to complement the intelligence reports to the Financial Audit and Assurance Committee, which provide a more detailed update on issues arising in local government.
3. The most recent such report was at the Committee meeting of 10th May 2012.

Local government issues

4. The local government elections took place on 3rd May. A summary of the results and current position regarding political control is available to Commission Members today.
5. Auditors are reporting that councils are forecasting that they will achieve break even or an underspend at year end and that no year end deficits are expected.
6. Auditors are currently progressing work looking into allegations in correspondence Audit Scotland has received about management re-structuring made in a number of councils.
7. Audit Scotland is also progressing work to respond to the Commission's request for further audit of the regularity of the terms associated with the retirement and subsequent reemployment of the Chief Fire Officer at Strathclyde Fire and Rescue. The report is expected to be presented to the Commission in August.
8. Substantial restructuring of council departments and executive teams continues to take place, for example:
 - East Lothian Council has reduced executive directors from 4 to 3 and heads of service from 11 to 7
 - Fife Council has gone from 6 to 5 directorates and there plans to reduce the number of managerial posts by 15% by March 2014, a reduction of around 300 posts
 - Orkney's Council has reduced the number of chief officer posts from 34 to 18.

9. Shetland Islands Council has appointed Christine Ferguson as its new Director of Corporate Services. Mrs Ferguson is currently Director of Community Care Services. The council has also appointed James Gray to the post of Executive Manager – Finance.
10. Norma Graham has announced her intention to retire in August 2012 after four years as Chief Constable of Fife.

Parliamentary news

11. The Scotland Act was enacted on 1st May. It contains a number of financial provisions which may affect public audit work over time. These include:
 - Introduction of a Scottish Rate of Income Tax and corresponding adjustment to the Scottish block grant from April 2016. Transitional arrangements will be in place, with the final mechanism being introduced from April 2018 at the earliest. All implementation issues are subject to agreement between the UK and Scottish Governments.
 - Stamp duty and landfill tax will be entirely devolved from April 2015, subject to relevant decisions in the Scottish Parliament in sufficient time. There is scope for further taxes to be devolved subject to agreement between the two Governments.
 - New powers for Scottish Ministers to borrow for revenue and capital purposes within agreed limits (currently £2.8 billion in total) from April 2015, and to operate a Scottish cash reserve to provide additional flexibility during the initial phase of the new system. Payments may be made into the reserve over the next five years.
12. The Scottish Parliament's Local Government and Regeneration Committee's work programme is focussing on three main topics: consideration of evidence on Public Sector Reform and Local Government; reporting on the Police and Fire Reform (Scotland) Bill; and Stage 1 review of the Local Government Finance (Unoccupied Properties Etc.) (Scotland) Bill.

Other

13. The Auditor General has asked Audit Scotland to investigate the use of patient unavailability codes in the management of NHS waiting times. Audit Scotland will carry out the work over the summer and the AGS will present a report to the Scottish Parliament after its summer recess.
14. Figures published by the Communities and Local Government Department suggest a substantial increase in savings expected from changes to local government audit in England. The Department's latest assessment report suggests that local audit reforms, together with the end of inspection work and the disbanding of the Commission, will save around £650 million over the next five years. The original estimate had been that the changes would save £50million a year – or £250million over five years.

15. The National Audit Office (NAO) has held its first consultation forum on local government issues. The meeting gave Panel members the opportunity to discuss the forthcoming first NAO value for money report on local government, into communication between central and local government, as well as seeking feedback on topics for future studies. Subject to Parliamentary approval of the necessary legislation, the NAO expects to assume the Commission's role in setting the framework for local financial audit through a code of audit practice.

Conclusion

16. The Commission is invited to consider and note this report.

Fraser McKinlay
Controller of Audit
9 May 2012

ACCOUNTS COMMISSION

MEETING 17 MAY 2012

REPORT BY SECRETARY AND BUSINESS MANAGER

LOCAL GOVERNMENT ELECTION 2012

Purpose

1. The purpose of this paper is to summarise the outcome of the local government election 2012.

Election

2. The local government election was held on 3 May 2012. In Scotland, all 1220 council seats were up for election under the single transferable vote system.
3. The estimated turnout for the election in Scotland was 42%, compared to 32% in England. The turnout for the Scottish local government election in 2007 was 52.8%.
4. The outcome in relation to the political make-up of each council is summarised in the Appendix. Councils will be meeting in coming weeks to agree how they will be run. The Appendix sets out when council meetings will be taking place.

Conclusion

5. The Commission is invited to note this information in relation to the local government election 2012.

Paul Reilly
Secretary and Business Manager
9 May 2012

APPENDIX: LOCAL GOVERNMENT ELECTION 2012 - OUTCOME

Council	Official status (i.e. before council meeting)	Seats	Parties						Date of first meeting	Unofficial status (i.e. based on intelligence at 9 May 2012)
			Lab	SNP	SLD	Con	Green	Other		
Aberdeen	NOC no change	43	17 (+9)	15 (0)	5 (-6)	3 (+1)		3 (-4)	16/5	Discussions continue (as at 9 May), but Labour/Conservative coalition mooted.
Aberdeenshire	NOC no change	68	2 (+2)	28 (+7)	12 (-9)	14 (+1)	1 (+1)	11 (-2)	17/5	
Angus	SNP gain from NOC	29	1 (-1)	15 (+3)	1 (-1)	4 (-1)		8 (0)	15/5	SNP administration
Argyll & Bute	NOC no change	33		12 (+3)	4 (-2)	4 (+2)		13 (-3)	tbc	
Clackmannanshire	NOC no change	18	8 (+1)	8 (0)	(-1)	1 (0)	1	1 (0)	17 & 31/5	
Dumfries & Galloway	NOC no change	47	15 (0)	10 (0)	1 (-2)	14 (-3)		7 (+5)	22/5	Discussions continue (as at 9 May)
Dundee	SNP gain from NOC	29	10 (+2)	16 (+2)	1 (-1)	1 (-2)		1 (-1)	21/5	SNP administration
East Ayrshire	NOC no change	32	14 (-1)	15 (+1)		2 (-1)		1 (+1)	8 & 15/5	
East Dunbartonshire	NOC no change	24	8 (+2)	8 (0)	3 (0)	2 (-2)		3 (0)	10/5	
East Lothian	NOC no change	23	10 (+3)	9 (0)	(-4)	3 (+1)		1 (0)	15/5	Labour/Conservative/Independent coalition mooted
East Renfrewshire	NOC no change	20	8 (+2)	4 (+1)	(-1)	6 (-1)		2 (-1)	Not set	Labour/SNP coalition agreed
Edinburgh	NOC no change	58	20 (+5)	18 (+5)	3 (-13)	11 (0)	6 (+3)		17 & 24/5	Labour/SNP coalition agreed
Eilean Siar	IND no change	31	3 (+1)	7 (+3)				21 (-4)	9/6	
Falkirk	NOC no change	32	14 (0)	13 (0)		2 (0)		3 (0)	14/5	
Fife	NOC no change	78	35(+11)	26 (+4)	10 (-11)	3 (-1)		4 (-2)	17/5	
Glasgow	Lab gain from NOC	79	44 (+5)	27 (+7)	1 (-5)	1 (0)	5 (0)	1 (-7)	17/5	Labour administration
Highland	NOC no change	80	8 (+2)	22 (+4)	15 (-6)			35 (0)	17 & 31/5	SNP/Liberal Democrat/Labour coalition agreed
Inverclyde	NOC no change	20	10 (+2)	6 (+1)	2 (-1)	1 (0)		1 (-2)	17/5	Labour minority administration announced

Council	Official status (i.e. before council meeting)	Seats	Parties						Date of first meeting	Unofficial status (i.e. based on intelligence at 9 May 2012)
			Lab	SNP	SLD	Con	Green	Other		
Midlothian	Lab lose to NOC	18	8 (-2)	8 (+2)	(-2)		1 (+1)	1 (+1)	22 & 29/5	SNP and independent coalition agreed, with support of Green
Moray	NOC no change	26	3 (+1)	10 (0)		3 (+1)		10 (-2)	9/5	Independent/Conservative coalition has been agreed
North Ayrshire	NOC no change	30	11 (-1)	12 (+4)	(-2)	1 (-1)		6 (0)	16/5	
North Lanarkshire	Lab no change	70	41 (+1)	26 (5)	(-1)	(-1)		3 (-4)	17/5	Labour administration
Orkney	Ind no change	21						21 (0)	16/5	
Perth & Kinross	NOC no change	41	4 (+1)	18 (0)	5 (-2)	10 (-1)		4 (+2)	Not set	
Renfrewshire	Lab gain from NOC	40	22 (+3)	15 (-2)	1 (-2)	1 (0)		1 (+1)	17/5	Labour administration
Scottish Borders	NOC no change	34		9 (+3)	6 (-4)	10 (-2)		9 (+3)	17 & 24/5	Discussions continue (as at 9 May)
Shetland	Ind no change	22						22 (0)	23/5	
South Ayrshire	NOC no change	30	9 (+3)	9 (-1)		10 (-2)		2 (0)	Not set	
South Lanarkshire	NOC no change	67	33 (+1)	28 (+4)	1 (-1)	3 (-4)		2 (0)	23/5 (tbc)	
Stirling	NOC no change	22	8 (0)	9 (+2)	(-3)	4 (0)	1 (+1)		17/5	
West Dunbartonshire	Lab gain from NOC	22	12 (+4)	6 (-3)				4 (-1)	16/5	Labour administration
West Lothian	NOC no change	33	16 (+2)	15 (+2)		1 (0)		1 (-3)	10/5	Labour /Conservative coalition
		1220	394 (+58)	424 (+57)	70 (-82)	115 (-16)	14 (+6)	203 (-15)		

ACCOUNTS COMMISSION

MEETING 17 MAY 2012

COVER NOTE BY SECRETARY & BUSINESS MANAGER

BEST VALUE AUDIT REPORT: MIDLOTHIAN COUNCIL

Purpose

1. The purpose of this report is to introduce the Best Value audit report on Midlothian Council. The Commission is invited to consider the report and decide how it wishes to proceed.

The report

2. The report to the Commission is made by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
3. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

Procedure

4. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - (a) Direct the Controller of Audit to carry out further investigations;
 - (b) Hold a hearing;
 - (c) State its findings.
5. Members of the audit team will be present at the Commission's meeting and will be available to answer questions.

Conclusion

6. The Commission is invited to:
 - consider the Best Value audit report by the Controller of Audit on Midlothian Council; and
 - decide how it wishes to proceed.

Paul Reilly
Secretary and Business Manager
3 May 2012

The Audit of Best Value and
Community Planning

Midlothian Council



Prepared for the Accounts Commission
June 2012

The Accounts Commission

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

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

The Commission secures the audit of 32 councils and 45 joint boards and committees (including police and fire and rescue services).

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

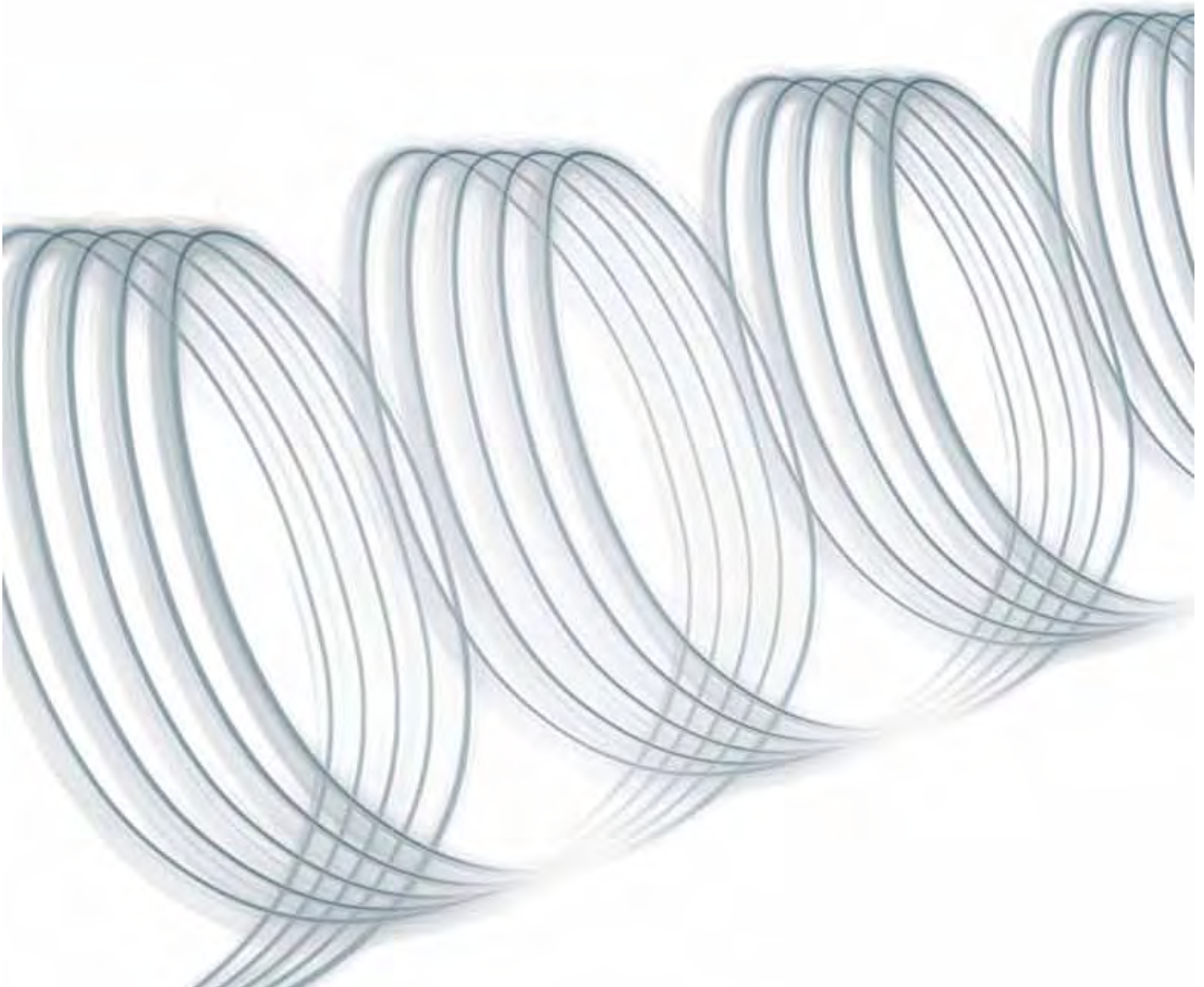
Page 40**Appendix 1. Judgement descriptions****Page 41**

Commission findings



1. Text here

Part 1. The Audit of Best Value



Best Value

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

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

- more proportionate and risk-based, reflecting more closely the particular issues faced by individual councils and their partners
- founded on a shared risk assessment process, conducted with colleagues from other local government inspectorates, particularly Education Scotland, the Care Inspectorate and the Scottish Housing Regulator (SHR) that form a Local Area Network (LAN)
- more focused on impact and outcomes, and the difference the council and its partners are making for local communities
- designed to provide a more rounded view of partnership working in a local area, and the difference it is making.

3. The Scottish Government's Best Value guidance provides details of the characteristics that councils are expected to demonstrate in fulfilling their statutory Best Value duties. The characteristics apply to elected members and officers reflecting the joint responsibility for Best Value.

Midlothian Council Best Value audit scope

4. Best Value is an important part of the wider scrutiny arrangements in councils in Scotland. Audit Scotland works closely with other local government inspectorates in a LAN of local audit and inspection representatives. The LANs undertake a shared risk assessment process for all 32 local authorities, to identify targeted, risk-based scrutiny. This process results in each council receiving an Assurance and Improvement Plan (AIP) each year which sets out the scrutiny activity that the council can expect to take place over a rolling three-year period. The first AIPs, which were published in July 2010, covered the period from April 2010 to March 2013; the most current AIPs were published in May 2011 and cover the period April 2011 to March 2014. The next AIP covering April 2012 to March 2015 was published in May 2012.

5. The AIP 2010–13 identified the need for a Best Value audit in 2011/12 to assess the impact of significant changes to Midlothian Council, including the appointment of a new chief executive in September 2009; the introduction of a Business Transformation Programme (BTP) in February 2010; and an organisational restructure that saw a reduction in management posts.

6. The LAN met in January 2011 to update the AIP, revise its assessment and reconsider the level of scrutiny required for Midlothian Council. The LAN prepared an updated AIP for 2011–14 in April 2011. The risk assessment for education and community services, now part of education and children's services increased from 'no significant concerns' to 'uncertainty'. This was due, primarily, to the council's plans to develop shared education services with East Lothian Council.

7. The LAN confirmed that scrutiny activity for 2011/12 should include a Best Value audit and, since it had been some time since the last inspection of education, that the audit should include an HMIE (now Education Scotland) component. The approach to scrutiny saw a Best Value joint scrutiny team involving both Audit Scotland staff and a District Inspector of Education Scotland.

8. The audit focused on the progress made by the council in taking forward its improvement programme since the first Best Value audit in 2008 and in particular the progress it was making in implementing key plans and strategies. It considered how Midlothian Council, along with its community planning partners, were responding to the challenges in the area and delivering positive outcomes for the people of Midlothian. The focus of this work was on the Midlothian Community Planning Partnership's performance management arrangements, particularly in demonstrating the delivery of outcomes.

9. The audit also focused on the council's BTP which when it was revised in August 2011 became the Business Transformation Strategy (BTS). In addition, we looked at the council's arrangements for the leadership, management and prioritisation of its improvement activity.

10. The audit also focused on education with a particular emphasis on the shared services agenda.

About this audit report

11. The first Best Value audit of Midlothian was undertaken in 2007 and the report published in June 2008. The audit concluded that Midlothian Council had some way to go before it was in a position to fully demonstrate Best Value and continuous improvement. It identified that there was a need for more effective implementation of processes and clearer priorities. It found that

there was a need to take corporate action to:

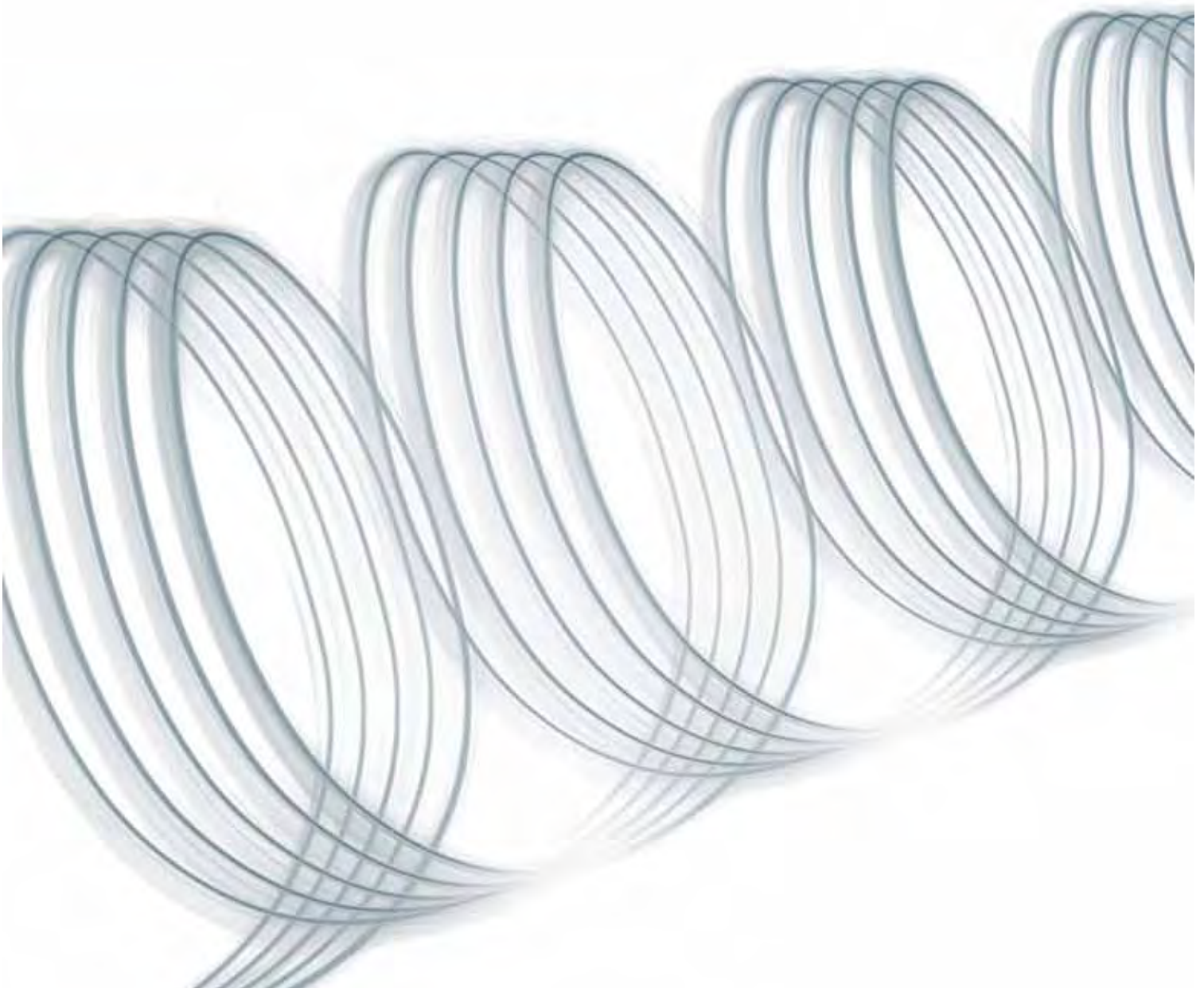
- drive initiatives through to completion
- deal with the areas where there are significant service deficiencies
- improve standards of customer care
- take forward the important people management issues which had not yet been fully delivered
- put in place and use effective processes to support continuous improvement across all areas
- ensure that its priorities are delivered within the agreed timescales.

12. The report also highlighted the need for elected members and senior officers to provide a clearer focus on Best Value and support for continuous improvement, for scrutiny arrangements to be strengthened by more consistently providing members with timely information about service performance, ensuring the competitiveness of its services, and consider how best to build managerial and professional capacity within the council.

13. We carried out the Best Value audit of Midlothian Council between September 2011 and March 2012. The scoping work started in September 2011 and the team undertook onsite activity at the council in November 2011.

14. We gratefully acknowledge the co-operation and assistance provided to the audit team by the chief executive Kenneth Lawrie, the leader of the council, Councillor Derek Milligan, the council's partners that were interviewed as part of the audit, and all other elected members and staff involved.

Part 2. Overall conclusions



15. The first Best Value audit report on Midlothian Council was published in 2008. The report highlighted a number of key areas for improvement. In 2009, the council appointed a new chief executive and since that time the council has done much to improve its approach to Best Value. There has been significant improvement in corporate management, officer and elected member leadership and leadership development. There remain a number of challenges to take forward its improvement agenda but the council shows good awareness of what these are and has plans in place to address them. The council now needs to ensure that these plans are implemented.

16. Since 2010, the council has developed a prioritised BTS to address key improvement areas. Good progress has been made through this strategy in a short period of time, in particular through the People Strategy workstream which has put in place the building blocks of good people management. The council is now reflecting on the changing external context of local government and increasing financial pressures. In doing so, it is undertaking a piece of work to identify alternative service delivery models for the future, such as shared services with other local authorities or with other public sector organisations. The findings of this work will inform any revisions to the BTS.

17. There is evidence of improved elected member leadership with clearer focus on Best Value, better support for continuous improvement and improved scrutiny of decisions and performance. Elected members can build on this by engaging actively in the council's Continuous Professional Development programme.

18. Partnership working is strong in Midlothian and the council and its partners are making progress in delivering their local outcomes. Council services are generally

improving, although approximately half the service areas covered by Statutory Performance Indicators (SPIs) still perform below the Scottish average. There have been some improvements in how the council provides its education service, particularly in pre-school and primary provision. However, there is room to increase the pace of improvement in some aspects of secondary education provision.

19. The council manages its budget well. The council's BTS provides a clear focus and direction for efficiency and improvement and the council is making good progress with its implementation. The council needs to maintain the pace and delivery to planned timescales and targets as there is a financial risk if its planned savings are not achieved.

20. The council has improved its approach to how it manages its workforce. The council has also made good progress in improving its physical assets including its schools estate, council houses and roads, and has developed a strategic vision through its Corporate Asset Management Plan. The council is making progress in rationalising its offices. Although it is at an early stage, the council is progressing its proposals for a shared education and children's service with East Lothian Council and is improving its approach to procurement. It has a robust approach to reviewing services and this is delivering savings for the council.

21. The council has been slow in developing its approach to responding to customer requests and enquiries, but in the last year has put in place the building blocks to allow it to improve the way it delivers customer services. It now needs to increase the pace of change in this area.

22. The council has improved its performance management arrangements and scrutiny since the change in its committee structures

in June 2010. It is in the process of implementing a self-evaluation approach to improve services further. However, the council could be more systematic in the use of customer satisfaction information and in comparing its performance with other councils.

Performance assessment

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

24. The council's overall performance is **satisfactory**:

- The council and its partners can demonstrate:
 - good performance in supporting healthy, caring and diverse communities. The council and its partners show awareness of where the challenges are and have plans in place to improve their performance further
 - good performance in ensuring that Midlothian is a safe place to live, work and visit
 - mixed performance in maximising business opportunities including good progress in the numbers of businesses receiving support, including loans, but less success in relation to increasing take-up of economic land. The number of non-householder applications dealt with within two months is improving but remains below Scottish average levels

- mixed performance in delivering their priorities and making a positive impact in conserving and improving Midlothian’s environment. Progress in improving biodiversity is good but there has been less success in respect of sustainable modes of transport and in safeguarding and enhancing the amenity of Midlothian. Waste management and recycling performance has improved; however, the net cost of refuse collection remains well above Scottish average
 - mixed performance in improving opportunities for people in Midlothian. Pre-school and primary education has improved but the partnership has made less progress in reducing health inequalities and demonstrating the impact from activities to support lifelong learning.
 - Council services are improving. There have been improvements in services to protect children and vulnerable young people, adult community care, protective services, benefits, roads, waste management and in the education service. However, despite this improving picture, some service areas still perform below the Scottish average including aspects of planning and development services, housing management and homelessness services. The council knows which services need to get better and can demonstrate improvement.
- improvement that is focused on what matters to local people.
- Partnership working in Midlothian is strong, with good leadership, representation and commitment across the partner organisations and this is improving the delivery of outcomes for local communities. There are effective governance structures in place to support partnership working.
 - The council and its partners are good at consulting and involving local communities and can demonstrate how this has contributed to service delivery. The partnership is committed to further increasing community involvement through its development of neighbourhood planning.
 - The council shows a good awareness of where it needs to make improvements and its BTS provides it with an effective approach for achieving efficiency and improvement. This provides the council with a systematic process for directing resources to key priority areas. It has a robust approach to the review of services. The council has improved its performance management arrangements and how well it scrutinises and challenges performance.

Areas for improvement

28. The council needs to maintain delivery of its BTS and Future Model of Service Delivery (FMSD) review, to planned timescales and targets to ensure the projects deliver the anticipated benefits and savings.

29. The council needs to be more systematic in the collection, reporting and use of customer satisfaction information. It can also make more use of value-for-money assessments and benchmarking information to see how it compares with others and identify where it can do better.

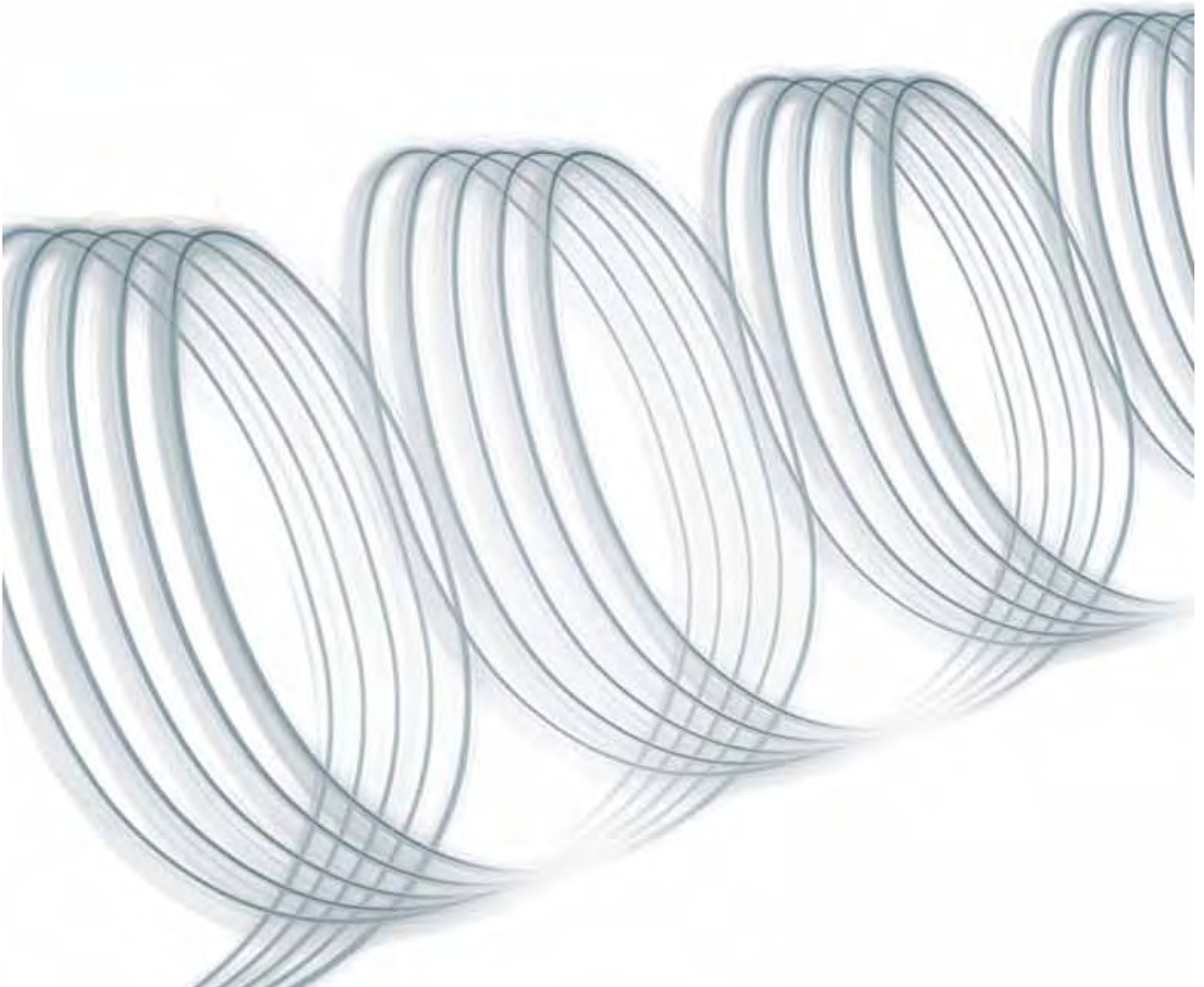
26. The council needs to continue to improve its services for the people of Midlothian. While performance levels are getting better, some services perform below average levels.

27. The council needs to pick up the pace of improvement in secondary education and in some areas of education psychological services and community learning and development. The council needs to improve its scrutiny of the education function and develop a shared vision to drive further improvement in attainment and achievement.

25. The council has good prospects for future improvement:

- The council has effective political and managerial leadership, supported by good governance arrangements. It has demonstrated its commitment and ability to deliver continuous

Part 3. Local context



Midlothian

30. Midlothian is located in east/central Scotland and is the second smallest council by area (354 sq km). The population of Midlothian resides predominantly within eight main towns to the north of the council area. The main population centres are the six towns of Penicuik, Bonnyrigg, Mayfield, Dalkeith, Loanhead and Gorebridge (Exhibit 1). There are rural areas to the south with low population. Midlothian shares its borders with three other local authorities: East Lothian, City of Edinburgh and Scottish Borders. It is in close proximity to Edinburgh City and its transport links including airport and rail links.

31. The population of Midlothian was estimated at 81,840 in 2010 by the General Register Officer for Scotland. In the area profile of the Single Outcome Agreement (SOA), the Midlothian Community Planning Partnership estimates that the area's population will increase to 89,500 by 2020 as a result of planned new housing developments.

32. Employment was once dominated by the mining industry and Midlothian was home to industries such as paper and carpet-making; however, these industries have largely disappeared. The area is now becoming important for biotechnology and life science industries which are concentrated at the Bush Estate/Easter Bush/Roslin Biocentre in Roslin. The largest employment sector in Midlothian is public services and Midlothian Council is the largest employer in the area, along with the NHS and further education sector. Approximately 61.4 per cent of Midlothian's population is of working age and of this 83.8 per cent are economically active. There is a mixed picture in the unemployment statistics with the claimant unemployment rate in Midlothian (4.9 per cent) below the national average (5.1 per cent), but the long-term unemployed (14.8 per cent) above the national average (14 per

Exhibit 1

The Midlothian Council area



Source: Audit Scotland

cent). Median earnings in April 2010 were one per cent lower than the Scottish average.

The council

33. The council has 18 councillors and comprises six multi-member wards – the political make-up being ten Labour Party councillors, six Scottish National Party and two Liberal Democrat Party. At the time of our audit, the council was led by a Labour administration.

34. In addition to the council, there are the following committee structures:

- The cabinet is made up of seven elected members from the administration who hold portfolios; as the main Education Committee it also includes three religious representatives as non-voting observers. It is the principal decision-making committee of the council; however, decisions of the cabinet can be called in by the Performance Review and Scrutiny Committee (PRSC).
- The PRSC is responsible for reviewing performance against policy objectives and commenting on decision and policies and their impact. It is chaired by a member who is leader of the opposition and as outlined above has the power of 'call-in' of cabinet decisions.
- The Audit Committee, which has six council members and an independent non-voting member, is chaired by an opposition party member. The Audit Committee is responsible for the promotion of best practice in the areas of risk management, financial procedures, and internal controls, development of continuous improvement and review of external audit issues.
- The General Purposes Committee and a Planning Committee both of which involve all 18 members of the council. There is also a Local Review Body and a Standards Committee.

Exhibit 2

Timeline of key events

Month/Year	Key event
June 2008	Accounts Commission findings and Best Value audit report published
June 2009	Implementation of Modernising Midlothian saw the introduction of a new pay and grading system
September 2009	New chief executive appointed
February 2010	Business Transformation Programme agreed by council
April 2010	Management Review approved – divisional restructuring
May 2010	Leadership Forum introduced
June 2010	Council agreed creation of a separate Audit Committee and amended arrangements for the Performance Review and Scrutiny Committee
July 2010	Management Review implemented
September 2010	Midlothian Excellence Framework introduced
October 2010	Shared Services Memorandum of Understanding signed by leaders and chief executives of both East Lothian and Midlothian Councils
January 2011	Council recommended review of Future Model of Service Delivery
June 2011	People Strategy approved by council
August 2011	Revised Business Transformation Strategy agreed by council
February 2012	Future Model of Service Delivery project definition agreed by council

Source: Audit Scotland

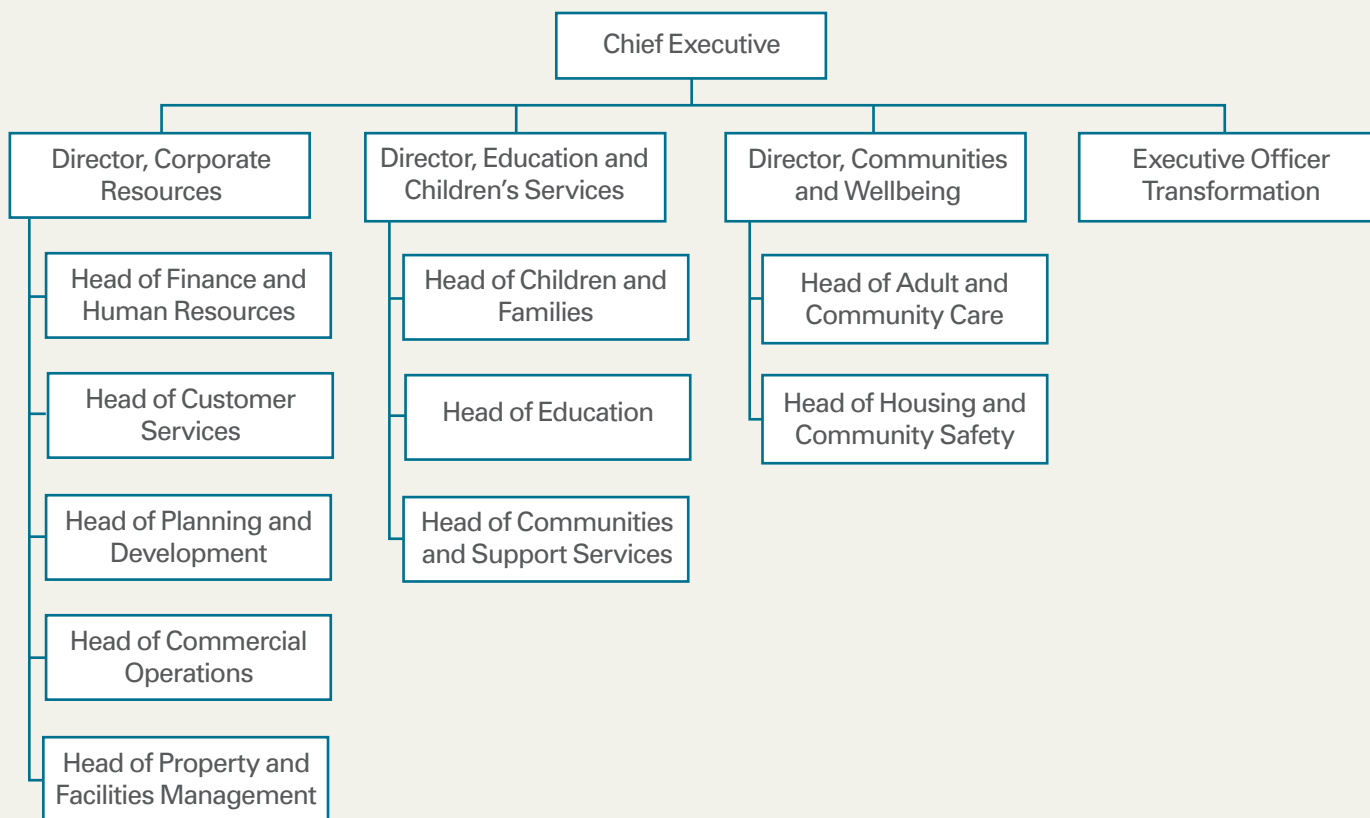
35. A new chief executive was appointed in September 2009 and since his appointment the council has reviewed its management structures, commenced a major change programme with its BTS and introduced a self-evaluation model, the Midlothian Excellence Framework (MEF), which it is now rolling out across the council. [Exhibit 2](#) details key events in the council's recent history. The key projects listed in the exhibit are explored further throughout this report.

36. In April 2010, the council approved the findings of a management review and agreed a reduction from a model of five divisions plus the chief executive with executive services and 12 heads of service posts, to a structure that now comprises the chief executive and three directorates: Corporate Resources, Education and Children's Services, and Communities and Wellbeing. There are ten heads of service ([Exhibit 3](#)).

37. The council employs approximately 4,000 employees. The estimated net expenditure of the council for 2010/11 is £206.4 million, equating to £2,326 expenditure per head of population, slightly below the average for Scotland of £2,403. The average level of council tax is slightly above the Scottish average, with band D for 2012/13 at £1,210 compared to a national average of £1,149.

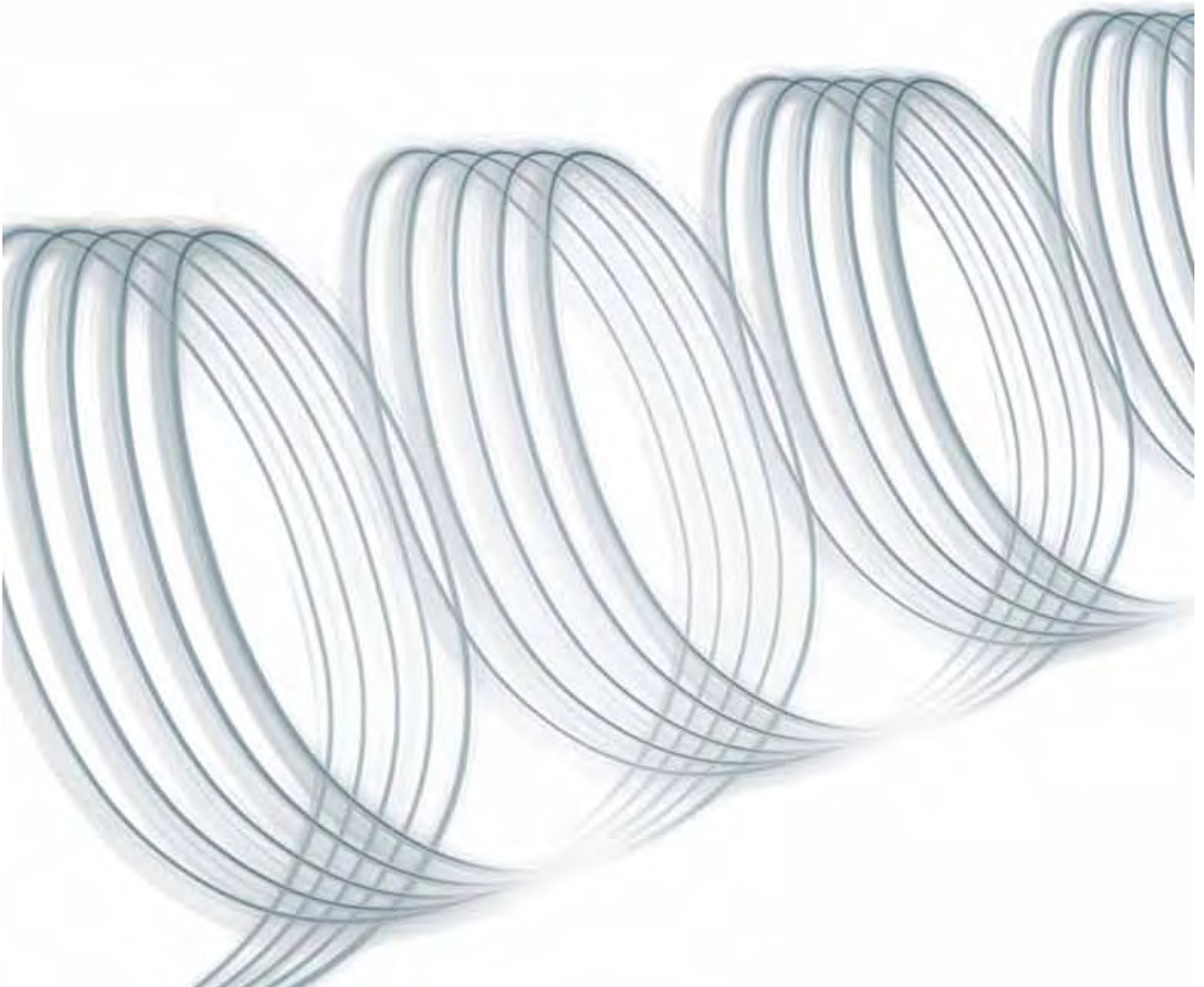
Exhibit 3

The council's management structure as at November 2011



Source: Audit Scotland

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



Partnership working in Midlothian is strong, with good leadership, representation and commitment across the partner organisations. There are effective governance structures in place to support partnership working. The partnership is aware of its strengths and weaknesses and has plans in place to improve partnership working. The council and its partners are good at consulting and involving local communities and can demonstrate how this has contributed to improved service delivery. Performance reporting is balanced and includes details of planned action to address those poorer performing areas. The council and its partners can better use this information to increase elected member scrutiny and to hold each other to account through constructive challenge.

Are they focused on the challenges for Midlothian?

38. The council and its partners have a clear understanding of the context within which they operate and the challenges that they face. They share a clear vision of what the partnership wants to achieve and this is supported by clear strategic objectives that all partners have agreed (Exhibit 4).

39. Our first Best Value report in 2008 identified that the council should strengthen its strategic approach to community planning. The AIP (2011/12) noted that partnership working and community leadership had developed well in Midlothian. However, there was some uncertainty over the impact of significant organisational restructuring in the council, the reduction of posts, and the proposals for ambitious shared services.

40. The community plan forms the basis of the council's strategic planning framework and the SOA is supported by all partners. The SOA is aligned with the community plan

Exhibit 4

Midlothian Council's Strategic Objectives and Partnership Outcomes

Midlothian SOA Partnership Themes	Midlothian Council's Strategic Objectives – 2011/12
Themes 1a and 1b Supporting healthy, caring, diverse communities where local needs are met 1a for adults, 1b for children	Objective 1: Supporting healthy, caring and diverse communities where local needs are met. <ul style="list-style-type: none"> Provide quality, affordable housing including increasing homelessness accommodation. Maximise opportunities for people to stay in their own communities. Strengthen services for children and young people. Provide suitable infrastructure for the efficient and effective delivery of service to meet the full range of community needs.
Theme 2 Maximising business opportunities	Objective 2: Maximising business opportunities. <ul style="list-style-type: none"> Promote inward investment and create quality and sustainable business locations.
Theme 3 Ensuring Midlothian is a safe place to live, work and visit	Objective 3: Maintaining Midlothian as a safe place to live, work and visit. <ul style="list-style-type: none"> Reduce levels of drug and alcohol misuse. Work with communities to reduce antisocial behaviour and offending and promote positive social development. Work with partners to protect vulnerable people. Improve road safety.
Theme 4 Conserving and improving Midlothian's environment	Objective 4: Conserving and improving Midlothian's natural environment. <ul style="list-style-type: none"> Reduce the environmental impact of waste. Promote sustainable development, including through Best Value and Climate Change duties.
Theme 5 Improving opportunities for people in Midlothian	Objective 5: Improving opportunities for people in Midlothian. <ul style="list-style-type: none"> Improve the level of achievement/attainment for children and adults in lifelong learning. Promote social and financial inclusion in Midlothian. Regenerate and improve Midlothian's town and village centres.
All themes Our public services are high-quality, continually improving, efficient and responsive to local people's needs	Objective 6: Delivering responsive, efficient and effective service to the people of Midlothian. <ul style="list-style-type: none"> Ensure a sustainable strategy for the delivery of council services. Put our customers first. Ensure equality of opportunity as an employer and service provider. Support the council in its corporate improvement agenda and to ensure Best Value.

Source: Audit Scotland

and sets out how the partners aim to deliver their priorities.

41. The council and its partners continue to explore ways in which they can improve partnership working and this includes working with the Scottish Government to undertake a strategic assessment of partnership priorities. This has led to the identification of three overarching priorities: (1) early years, early intervention and addressing child poverty; (2) positive destinations; and (3) maximising business opportunities. These priorities are being taken forward by the thematic groups.

42. The council and its partners are aware of the partnership's strengths and weaknesses. They have demonstrated a willingness to address areas for improvement and, following a review in 2008/09, established a clearer governance structure ([Exhibit 5](#)). The partnership identified that it lacked strategic financial management and has set up a Senior Financial Officers Working Group (SFOWG) within the partnership to address this.

43. The SFOWG group comprises senior financial officers from the main partner organisations, and reports to the Community Planning Steering Committee (CSPC). The group has a clear objective to deliver the priorities set out in the SOA by improving how resources are directed to priorities. The group is looking at how it can more effectively align the budgets of the public bodies involved in the partnership and exploring how they can share resources. The work looking at shared resources should also include consideration of property assets and the potential to share accommodation.

44. In January 2011, Midlothian Council, East Lothian Council and their partners established the East and Midlothian Community Planning Equalities Forum. This group set the priorities for joint equalities work between the two councils, developed a joint equalities action

plan and performance report, and joint mechanisms for engaging communities.

45. The sustainability agenda is clear throughout the partner's arrangements and work. The green agenda is particularly evident in the key theme and associated outcomes of conserving and improving Midlothian's environment. The wider social and economic sustainability agenda is a particular focus for the council and its partners throughout the articulation of partnership priorities, their work and the delivery of positive outcomes for the communities of Midlothian.

Community engagement

46. In the Best Value report of 2008, the Accounts Commission welcomed the council's engagement with its communities. The report noted that the council had engaged well with a significant proportion of the population in Midlothian.

47. The council and its partners continue to have a good approach to consulting and involving local communities and can demonstrate that they use the results of this engagement to inform how they develop and deliver public services ([Exhibit 6, page 18](#)). They have a community engagement strategy covering the period 2010–13. The partnership regularly seeks the views of the community using the Citizens' Panel, which is shared and financed between key partners. In 2010, the partnership used the panel in a 'difficult choices for difficult times' survey to consider the financial challenges being faced. As part of a related exercise, the council also carried out four community engagement events which were attended by the council leader, the chief executive and other officers of the council about the council's budget.

48. The partnership is making good progress rolling out neighbourhood planning, this involves producing locality and neighbourhood plans in each of Midlothian's Community

Council areas. In April 2010, the Gorebridge Neighbourhood Plan was finalised and in November 2010 the Dalkeith Neighbourhood Plan was finalised. Both plans are being implemented. Loanhead and Penicuik have draft action plans in place. The Mayfield/Easthouses Neighbourhood Plan group has secured £30,000 local investment funded by The Coalfield Regeneration Trust. There is a timetable in place for the roll out of neighbourhood planning across all 16 community council areas over a five-year period to 2015.

49. The council and its partners report good progress in increasing community capacity. In the CPP performance report for 2010/11, five of the seven indicators were reported as having met target and showing improved performance. This included an increase in the number of community organisations and in the membership of community development trusts. There has also been an increase in the number of social enterprises provided with support and assistance, as well as an increase in the number of people accessing financial education, quality advice and financial services. The partners report that the level of representation of community groups across the CPP has not yet reached the target of 68 groups, although it has improved, increasing from 49 groups to 55 between 2009 and 2011.

50. The council is proactive in consulting its communities on how it should be delivering services in the future. The objectives of the council's review of Future Models of Service Delivery (FMSD) include consideration of how public services should be accessed locally and opportunities for preventative spend which are two of the four pillars of the Scottish Government's public sector reform agenda. The council intends to carry out consultation with Midlothian communities on their preferred potential models of service delivery between May and August 2012. The FMSD is covered in more detail in [Part 7](#) of this report.

Exhibit 5

Structure of Midlothian Community Planning Partnership

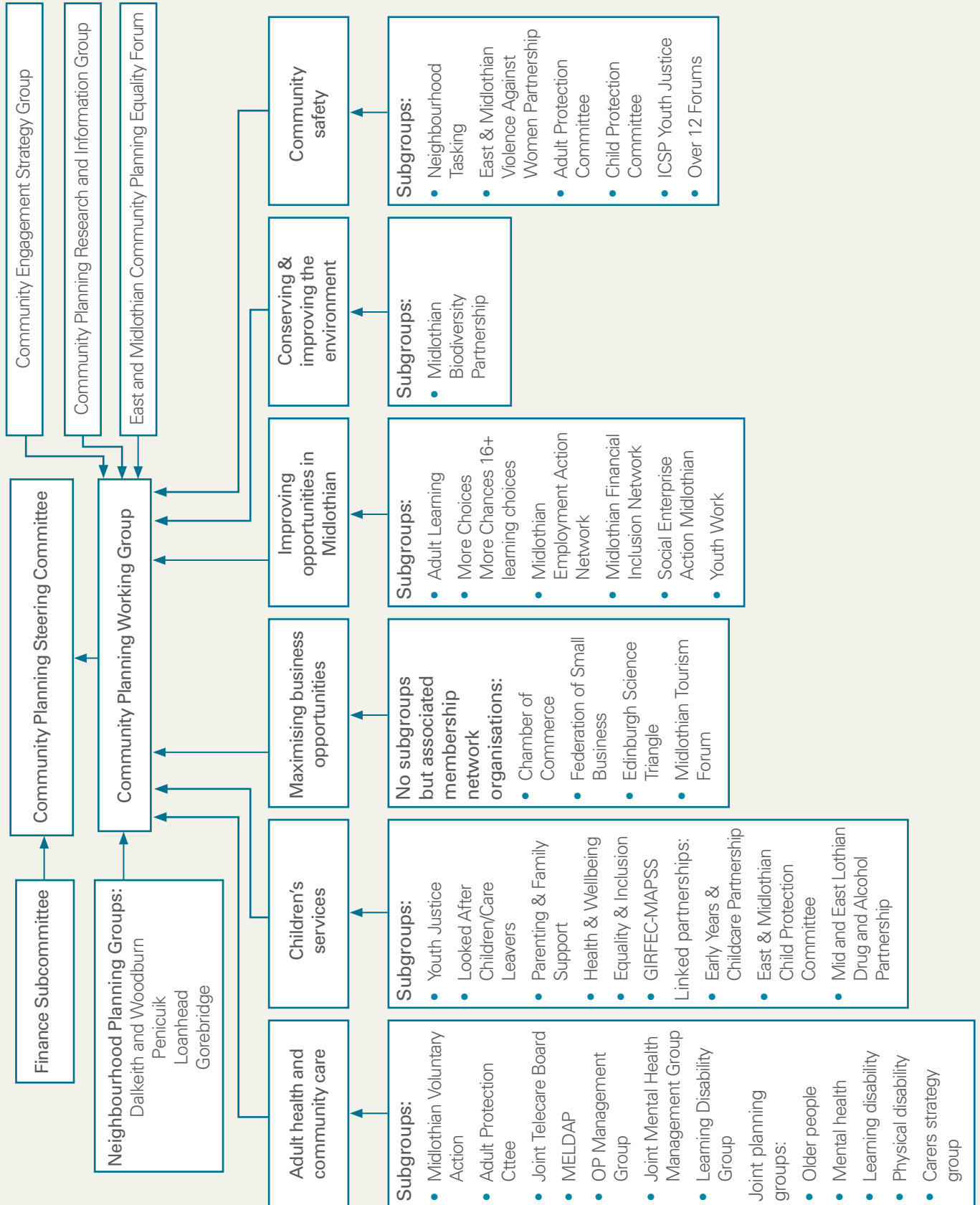


Exhibit 6

Involving service users

In 2011, Consumer Focus Scotland carried out a project to support staff across public services in improving how they involve service users. Midlothian Council was identified as a best practice council in its approach to engaging with vulnerable groups.

The council's re-tendering of its Learning Disability Residential Service was considered to be a creative approach to communication to ensure user involvement in the commissioning of services. Midlothian Council planned their engagement project around the needs of their consumer group, who had profound learning disabilities, providing information and gathering views in a way that was accessible and in a supportive environment. This involved person-centred planning with 70 users and also engaged with their carers and family members.

The approach included a 'market place' event to meet potential service providers, along with an interview panel built around service-user representation. As a result of this approach, feedback from users was used in deciding the five providers shortlisted for interview. Scores for the interviews were carried out against guidance developed by user groups.

The successful providers now offer more individualised support and involvement in decision-making and service development than would otherwise have been expected. The report highlighted a further good practice example of Midlothian Council's experience of engaging users in a tendering exercise. This approach is now being used to shape its commissioning of services for children. It aims to use a similar approach to help to develop new services for people with behaviours that challenge, people with Autism Spectrum Disorder and people with profound physical disabilities.

Source: *Consumer Engagement in Decision-Making: Best Practice from Scottish Public Services*, Consumer Focus Scotland, January 2011

How effective is partnership working?

51. Partnership working in Midlothian is strong. The council and its partners share a clear vision of what the partnership wants to achieve and this is supported by clear strategic objectives that all partners agree. The council and its partners have undertaken a strategic assessment of partnership priorities. This continues to be refined and has led to the identification of three overarching priorities: prevention of child poverty, positive destinations and maximising business opportunities. The chief executive and leader of the council show a strong commitment and provide visible leadership for

partnership working. There is also good cross-party support within the council for partnership working and the benefits it provides.

52. There is good representation across all partners at the CPSC. This includes an elected member as chair and the chief executive of Midlothian Council. There is regular attendance by representatives of Scottish Government along with senior representation from statutory agencies such as NHS Lothian, Lothian and Borders Police, Lothian and Borders Fire and Rescue, Scottish Enterprise as well as representatives of local voluntary and community groups. The CPSC is supported in its role by the Community Planning

Working Group (CPWG) that includes officers from the council and its partner agencies.

53. Community planning structures in Midlothian are well developed and include councillors, officers and community representatives. The Strategic Interface Partnership (SIP) brings together the voluntary sector and community groups in Midlothian including Midlothian Voluntary Action, Volunteer Centre Midlothian and the Social Enterprise Alliance Midlothian. The SIP reports progress on its business plan to the CSPC and the Improving Opportunities Midlothian working group.

54. In February 2011, the council and its partners carried out a self-evaluation exercise which found that the partnership had clear and effective leadership, clear decision-making structures that facilitate delivery of partnership plans, good relationships built on trust, and a willingness to work together and compromise. Our audit confirms these findings. The impact of the good partnership arrangements can be seen in multi-agency responses particularly in community safety. The structure and plans for health and community care are closely aligned and have resulted in joint strategies such as the mental health strategy, and resources being realigned through the re-provision of mental health services.

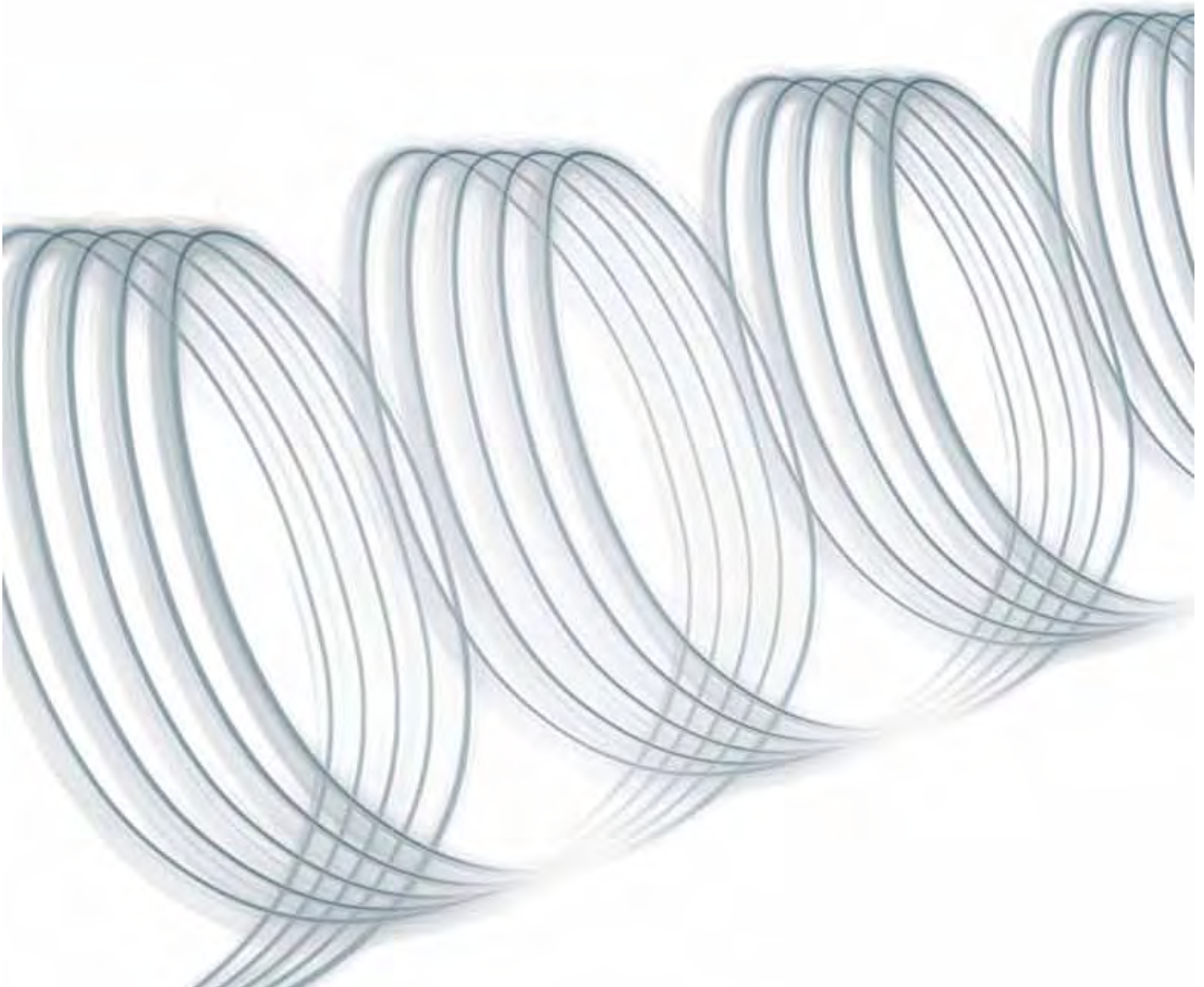
55. The Best Value audit report of 2008 identified the need for the council to improve performance management systems and roll them out to all levels of the council and community planning partners.

56. Since 2008, the council and its partners have improved their performance management arrangements for community planning. The partnership uses the council's performance management system and produces regular performance reports on both the SOA and the Community Plan. Where data is unavailable for

individual performance indicators, the partnership provides a commentary on what action is being taken to address this. This has led to improvements in the quality of partnership performance reports and helped to support more effective scrutiny of partnership performance.

57. The council and its partners recognise that they can continue to improve their performance management through increased elected member scrutiny and by using performance information to hold each other to account through constructive challenge and scrutiny in partnership meetings.

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



The council and its partners are making good progress in supporting healthy, caring and diverse communities and in ensuring that Midlothian is a safe place to live, work and visit. There have been significant improvements in services to protect children. The council and its partners have made less consistent progress in reducing health inequalities, demonstrating the impact from their activities on supporting lifelong learning, maximising business opportunities and conserving and improving Midlothian's environment.

Council services are improving; however, some services such as aspects of planning and development services, financial services, housing management and homelessness services, perform below the national average. There have been improvements in how the council provides its education service, particularly in pre-school and primary provision; however, there is room to increase the pace of improvement in some aspects of its secondary education.

58. The following section summarises the progress the council and its partners have made in delivering their outcomes. Our audit focused on three of these outcomes which had been identified as either an area of concern or uncertainty in the 2011–14 AIP: 'supporting, healthy, caring, diverse communities', 'maximising business opportunities' and 'improving opportunities for people in Midlothian'. In these outcome areas, we looked at the arrangements that the council and its partners have in place to manage performance, assess the effectiveness of partnership working, and consider the contribution made by the council's services to the delivery of these outcomes. A summary of the findings from other scrutiny activity of child protection and housing are also included in this section, as well as the performance of other council services which contribute to the delivery of outcomes.

Supporting healthy, caring, diverse communities where local needs are met

59. There is strong partnership working in this area which has led to good progress in meeting targets, the development of joint strategies and a shift in the balance of care and an increase in the number of older people supported at home. There has also been improvement in the services for children, young people and their families, particularly child protection.

60. The 2011–14 AIP identified that although progress had been made in meeting recommendations on services for people with learning disabilities, there was mixed performance in addressing drug and alcohol misuse, homelessness management and access to affordable housing. There remained insufficient information to assess progress in other areas and the AIP therefore identified this objective as an area of uncertainty.

61. The key objective in this area is focused on supporting healthy, caring and diverse communities where local needs are met for adults and for children, young people and their families.

Adult and Community Care Services

62. The partnership reports mixed performance in delivering services for adults and community care services. However, there is strong partnership working in delivering mental health services and the provision of services to address the misuse of drugs and alcohol. There are also increasing numbers of older people who are supported at home with 39.3 per cent of older people with intensive needs receiving services at home and no people experiencing a delay in their discharge from hospital into a more appropriate setting.

63. In the Community Planning Partnership (CPP) performance report 2010/11, published June 2011, the council and its partners reported that 15 of its 20 indicators were on

target, three were off target and data was not available for the remaining two. The report identified that each year there had been an increase in the number of older people who are supported at home rather than in hospital or in care homes, through the introduction of a wide range of new health and social care services. The council has been recognised nationally by the Scottish Social Services Council in 2011 through a Care Accolade award, for innovation and excellence for its transformation of older people's services.

64. The council's approach to rebalancing care has been highlighted in a national *Strategy for Housing for Scotland's Older People* published by the Scottish Government in December 2011. As part of its second phase of new council house building, Midlothian Council is building a new extra-care housing development with 32 flats in Penicuik. The development will help to address the increased demand for affordable housing suitable for older people, who want to retain their independence, but need care and support. Part of the funding has been provided by the Scottish Government's Innovation and Investment Fund for Council Housing.

65. The CPP performance report highlights that through partnership work involving NHS Lothian, Health in Mind, the council and service users, there has been an effective redesign of mental health services leading to more people being supported at home and less reliance on hospital treatment. The report also highlights the implementation of a new joint strategy to address the needs of people with physical disabilities. A multi-agency partnership to address the misuse of drugs and alcohol have published a joint strategy and launched a public website.

66. The areas that are not meeting target include the proportion of people aged 65 and over admitted as an emergency inpatient two or more times in a single year, and the number of people/families in receipt of direct

payments. Where indicators are not on target the council and its partners have proposed actions to address them.

Children and Families Services

67. The council has made good progress in improving services to protect children, placing greater emphasis and resources and working in partnership in this area.

68. In 2007, a joint inspection of services to protect children and in 2008 an inspection of social work services highlighted significant concerns about services provided to vulnerable children and adults. Joint follow-through inspections of services to protect children undertaken in 2008 and 2009 found that significant improvements had been made in some key processes and in leadership and direction, and that management responsibilities and arrangements for child protection had been clarified and strengthened.

69. In 2010, a follow-up inspection by the Social Work Inspection Agency (now the Care Inspectorate) identified significant progress in key processes, permanency planning and the provision of community care services to vulnerable adults.

70. The Care Inspectorate published a joint inspection report of services to protect children and young people in Midlothian in August 2011. It evaluated its performance as follows:

- Children are listened to and respected – satisfactory.
- Children are helped to keep safe – good.
- Response to immediate concerns – satisfactory.
- Meeting needs and reducing long-term harm – satisfactory.

71. The Care Inspectorate also assessed self-evaluation as good. The report identified particular strengths including chief officers' commitment to improving services to protect

children, partnership working and collective responsibility at a senior management level, and the range and availability of a flexible multi-agency training programme. The council and its partners' innovative multi-agency approach to reviewing the effectiveness of practice was identified as an example of good practice.

72. In 2010/11, the Community Planning Children's Services Partnership reported that nine of their 15 indicators were on target, five were not on target and that no data was available for the remaining indicator. It reports a reduction in the number of children in Midlothian who are in care, improving educational attainment of looked after children and care leavers and providing families with a range of support mechanisms.

73. The number of repeat child protection registrations increased from 15 in 2009/10 to 29 in 2010/11. The partnership attributes this to the number of repeat child protection registrations being increased by a few families with large numbers of children. The objective of increasing the number of young people receiving counselling sessions for substance misuse is off target, and the figures show that it remained static at 36 in 2010/11 against a target of 40. It comments that the numbers of young people supported have stabilised at 36. Multi-agency proposals are in place to increase referral rates among partner agencies.

74. Increasing the proportion of newborn children exclusively breastfed at 6-8 weeks is also below target. Short-term trends show an increase to 28.63 per cent in comparison with the 2009/10 rate of 28.2 per cent; however the long-term rate has decreased from 30.09 per cent in 2006/07.

Maximising business opportunities

75. The council and its partners are focused on addressing the economic issues for the area. Maximising

business opportunities has become an overarching priority for the partnership. New arrangements for partnership working and the council's planning and development service provide more effective structures to help deliver outcomes in this area.

76. The 2011–14 AIP identified concerns over the lack of information to assess progress that the council and its partners were making in delivering this objective. The council and its partners report mixed performance across the indicators in the 2010/11 CPP performance report. Of the six indicators used to measure delivery of this objective, three indicators are reported as being on target, one not on target and two where no data was available.

77. The CPP performance report highlights that the partners, including the council, Scottish Enterprise, Midlothian and East Lothian Chamber of Commerce, completed a review of the economic sector plans that underpin the Midlothian Economic Development Framework in 2009 to respond to the economic downturn. The partnership's key successes include the number of enterprises supported increased from 63 in 2009/10 to 251 in 2010/11. The report also highlights a number of other areas of support given to businesses such as access to organisations providing advice, support and training to manufacturing businesses, access to loan funds as well as HR advice and guidance.

78. The partnership has set a target of increasing the take-up of economic land by five hectares each year. The take-up in 2009/10 totalled 32 hectares, but was zero in 2010/11.

79. Having an economic development framework in place along with the seven sector plans helps provide a coherent structure and focus for activity. The partnership can demonstrate strong partnership working and some evidence of impact. For example the East of Scotland Investment Fund (ESIF) was

set up and this has resulted in local businesses benefiting from loans totalling approximately £150,000 and the creation of jobs as a result. The ESIF levers in finance from other sources to assist company growth and expansion. The council is contributing £100,000 to the ESIF to set up a micro business loan scheme to support local businesses.

80. There is ongoing work to strengthen the impact of partnership working and provide a greater focus on maximising business opportunities. In March 2012, the partnership agreed to the merger of the maximising business opportunities theme group with the Conserving and Improving Midlothian's environment group. This should provide a more holistic way of looking at both development and the environment. This has the potential to strengthen the links between the council's planning and economic development services and improve the links between development planning, neighbourhood planning and associated strategies such as regional and local transport strategies and the Midlothian Housing Strategy.

81. The council works in partnership with nine other councils and Scottish Enterprise in the South East Scotland Economic Community (SESEC) and chaired the board and operational group in 2011. The council is also part of the Supplier Development Programme which helps local businesses tender for local authority contracts. It has 78 local businesses signed up and has carried out training events.

Planning and Development Services

82. In July 2010, the council restructured its development management service and has improved performance in the handling of planning applications. The percentage of householder planning applications dealt with within two months improved from 72.2 per cent in 2009/10 to 80.6 per cent. However, this is still below the Scottish average of 82.7 per cent. There have also been improvements

in the percentage of non-householder planning applications dealt with within two months which increased from 35.5 per cent to 47.3 per cent. Again, however, the council's performance is still below the Scottish average of 54.5 per cent.

Ensuring Midlothian is a safe place to live, work and visit

83. The council and its partners are making good progress in delivering its priorities and making a positive impact in this outcome area.

84. The 2011–14 AIP identified an improving position in maintaining Midlothian as a safe place to live, work and visit and noted that there were no significant concerns in how the council and its partners performed against this theme.

85. The 2010/11 CPP performance report identifies 15 indicators to support this theme and reports that ten are on target and five are not meeting target. The report highlights that positive partnership activity with Lothian and Borders Fire and Rescue has led to a reduction in the number of fires resulting in death and injury, from seven in 2009/10 to four in 2010/11. It also outlines a positive approach being taken by the Community Safety Team and Midlothian Community Action Team officers in tackling antisocial behaviour and incidences of vandalism. Since 2008, vandalism in the area has been reduced by approximately 40 per cent, accompanied by a decrease in calls to the council's antisocial behaviour helpline.

86. In December 2011, the Lothian and Borders Police and Police Board Best Value audit and inspection report, highlighted the Midlothian Community Safety Team as an example of good practice. The team includes seconded police officers, local authority liaison officers and funded community action team officers who won a 'highly commended' award at last year's Scottish Policing Awards.

Conserving and improving Midlothian's environment

87. The council and its partners show mixed progress in delivering their priorities in this outcome area.

88. The 2011–14 AIP update identified good progress in conserving and improving Midlothian's natural environment. There has been good progress in a range of measures, including waste management, recycling and the introduction of a greenhouse gas mitigation plan.

89. The 2010/11 CPP performance report indicates mixed performance in this area. Performance is slightly off target in reducing greenhouse gas emissions and the update of the community plan 2010–13 notes that a Greenhouse Gas Mitigation Delivery Plan is pending. There is poor performance against improving accessibility by sustainable modes of travel, with the two indicators showing performance which is slightly declining and not meeting targets.

90. The partnership's progress in improving biodiversity in Midlothian is good and on target. Performance in safeguarding and enhancing the amenity of Midlothian, such as air quality management, street cleanliness and levels of satisfaction with aspects of Midlothian's amenity, is mixed. Of the four indicators, two have no supporting data, one is on target and one is off target and showing declining performance. Performance in adapting Midlothian to the impact of climate change and reducing the environmental impact of waste is on target and shows an improving trend.

91. For 2010/11, the council's commercial operation service reported improving performance in all four of the indicators for waste management. The net cost of refuse collection per premise has reduced from £94.90 in 2009/10 to £84.95 in 2010/11 but it is still well above the Scottish average of £66.22. The net cost of refuse disposal per premise reduced from £68.44 in 2009/10 to £64.15 in

2010/11 and is below the Scottish average of £95.61. The council is also performing well in increasing the percentage of municipal waste recycled at 44.1 per cent, which is above the Scottish average of 38.2 per cent. The performance for overall cleanliness index has also improved to 73 from 72. Following a review of its waste services, the council approved a number of recommendations in December 2011 that should further drive improvement in this area.

Improving opportunities for people in Midlothian

92. The council and its partners have made some progress in improving opportunities for people in Midlothian. There have been improvements in how the council provides its education service, particularly in pre-school and primary provision, although there has been some slippage in the pace of improvement of its secondary provision. Many challenges remain, in particular around reducing health inequalities and demonstrating the impact of the work to support lifelong learning.

93. The 2011–14 AIP noted that although there had been progress in improving opportunities for people in Midlothian, there was still some uncertainty around the council and its partner's performance in delivering this outcome.

94. The 2010/11 CPP performance report identifies 29 local indicators to support this strategic objective. Of these, 14 are reported as having met the target, six are not meeting the target and nine can not be measured due to a lack of data. The partnership has made good progress in reducing relative poverty levels in Midlothian and three of the four indicators are on target and show improving performance. They have also made progress in increasing community capacity, with five out of seven indicators meeting the targets and showing improvement. There is still uncertainty over what progress is being made in reducing

inequality in health outcomes. One indicator has achieved the target but lacks trend information, three are not meeting target and show deteriorating performance, and another cannot be measured as there is no data available.

95. Performance on increasing access to participation in, and outcomes from, lifelong learning remains uncertain, with two of the ten indicators having met target and showing improving performance, two showing off target and the remainder not supported by performance data.

96. The partnership is making some progress in improving outcomes for young people. The percentage of school leavers progressing to employment, training, further or higher education has increased to 83.1 per cent although it did not meet the 2010/11 target which was 84.3 per cent and is below the national average of 86.8 per cent. There has been an increase of 4.7 per cent in positive destinations in Midlothian with all schools showing an increase in positive destinations. There has also been an increase in the number of young people achieving personal development goals through accredited awards in informal settings, and in the number of adults seeking and receiving career and educational information and guidance.

Education and Children's Services

97. The council has improved its education services, particularly in pre-school and primary provision. There has been some slippage in the pace of improvement of its secondary provision. The council should apply what has worked in the primary sector to the secondary sector to facilitate improvement. The council needs to improve its approach to scrutiny of the education function by making more use of benchmarking and by sharing good practice more effectively. Elected members' understanding of Curriculum for Excellence (CFE) and their scrutiny of corporate education performance should be further strengthened.

98. Both Midlothian and East Lothian Councils have continued to explore and develop the use of shared services in education. In June 2011, elected members from both councils approved plans to develop shared services. In November 2011, both councils agreed to employ a joint head of education and to report on their shared services agenda in summer 2012. This is covered further in [Part 6](#) of this report.

99. Midlothian's pre-school provision is good. Almost all inspections of pre-school education establishments have been positive. The council has worked effectively to develop its early years and parent/family support work and is developing new approaches to leadership. The challenge now is to sustain the effectiveness of early years and nursery provision into the early and later stages of primary school.

100. The majority of primary provision is good and there have been notable improvements in reading, in early primary. Attainment and achievement is good and improving in primary schools. The council recognises the need to improve numeracy, which is below national averages, and is delivering new programmes that specifically address numeracy and mathematics. Performance management by managers in the pre-school and primary sector is increasingly effective and there have been positive developments in self-evaluation that lead to improvements in the learning experiences of children at primary school.

101. The council has continued to invest in the primary school estate and ten new schools have been opened since the last Best Value report in 2008. In pre-school and primary schools, almost all children experience a positive transition process between nursery and P1 and between P7 and secondary school.

102. In the secondary schools, the council recognises the need to continue to improve its schools estate. The council has sought

new sources of funding for the development of its new secondary estate. In partnership with East Renfrewshire Council and Scottish Futures Trust, the council has secured Scottish Government funding for new secondary provision in Lasswade. There remain a number of challenges in agreeing the preferred options with regard to the school estate in the community of Penicuik.

103. The council recognises the need to continue to improve attainment in secondary schools, which is generally below both national and comparator averages. While there have been some improvements in attainment over the last three years, pupils' performance needs to be strengthened in a number of areas across all secondary schools. Performance management is increasingly focusing upon developing new, collegiate approaches to improve attainment. The council has formed an attainment group to develop this work and there is now stronger analysis of the data. This work now needs to continue and engage partners from early years, primary and Community Learning and Development (CLD).

104. The council has robust procedures in place for monitoring attainment and achievement at senior officer level, but scrutiny by elected members should be strengthened. While individual councillor involvement with local schools in their wards is high, there is a need for increased member scrutiny of corporate education performance. A shared vision of high performance in terms of attainment and achievement needs to be developed between officers and elected members. There is a need to focus on moving beyond reaching national averages in attainment terms and a need to increase members' understanding of CFE.

105. The leadership forum, which comprises corporate management team, heads of service and third tier managers, now includes senior staff from schools to support a more

corporate, cross-divisional approach to education and lifelong learning. While this is positive, much of this work is at an early stage of development. Proportionately fewer pupils go on to higher and further education from Midlothian schools than occurs nationally. However, while the figures for young people going into positive destinations post-school are slightly increasing, they are still below national averages.

106. Educational Psychological Services were inspected by HMIE in June 2010. This inspection highlighted that improvements were needed and a follow-up inspection was carried out in September 2011. This follow-up found that progress with planning for improvement has been limited since the original inspection report. Changes which have been achieved have been slower than expected. Although the pace of change has increased since the beginning of 2011, it is not yet possible for the service to evidence the difference that the changes are making to service users. Education Scotland will therefore make a return visit in 2012.

107. CLD managers and staff are focused on improvement. The majority of CLD activity in Midlothian effectively supports council priorities. However, the follow-up report on CLD around Beeslack High School was not positive and a further visit by Education Scotland is scheduled for 2012. There is room to extend the consistency of provision to all CLD teams, particularly within the community of Penicuik. There is room for further improvement by CLD in supporting the development of CFE in Midlothian.

108. In CFE, the council is making progress across a number of areas and is assigning considerable resources in continuous professional development (for example through cooperative learning approaches), Quality Improvement Team support and support from external agencies to develop CFE. There are a number of good examples and case studies

emerging from schools. There is, however, a need for members to increase their understanding of CFE as part of this development.

109. Individual schools across the authority work effectively with parents and increasingly see them as partners in delivering education. Midlothian has a very effective Youth Platform to feedback the views of young people and the learners within schools, these are having a greater say in learning across the school sector. The development of the Parent Liaison Group is also a positive start, but there is room for further improvement to develop this group and the Youth Platform to play a more strategic role in designing and developing educational services.

Our public services are high quality, continually improving, efficient and responsive to local people's needs

110. The performance of council services is generally improving as described above. The majority of SPIs also show improvement, however, performance in some areas remain below Scottish average levels. The council needs to do more systematic benchmarking, so that it knows how it compares with others and can identify performance levels to strive for. It also needs to be more systematic in its collection and use of customer satisfaction information to drive improvement.

111. The Accounts Commission, in its Local Government direction for 2010, specifies and reports on 25 SPIs. These 25 indicators are broken down into 53 measures. All councils in Scotland must measure and report their performance against these specified indicators to allow the comparison of performance between Scottish councils. Audit Scotland collects and reports this information nationally.

112. Midlothian Council reports performance against 51 of the 53 measures included in the specified 25 SPIs. The council does not provide services in relation to the remaining

two measures. The council's performance from 2009/10 to 2010/11 shows that 71 per cent (36 measures) have improved, 29 per cent (15 measures) have improved but remain below Scottish average levels. In total, 23 per cent (12 measures) have declined (however, three of these 12 remain above the Scottish average performance levels), and six per cent (three measures) are unchanged (of which two are below average). In total, 51 per cent (26 measures) are below the Scottish average.

113. The council reported improved and above average performance in areas including sickness absence, council house condition, recycling, roads condition, and protective services. The council reported improved but below the Scottish average performance in areas including financial services, eg council tax collection, payment of invoices; planning applications; and personal care and weekend homecare. The council reports declining performance in areas including attendances at pools and indoor sports and leisure facilities; council housing repairs, arrears and letting low-demand houses.

114. The council reports on its performance using 64 performance measures including the 51 current SPI measures and former SPIs (no longer reported nationally by Audit Scotland). The council reports that 77 per cent (49 measures) had shown improvement, 19 per cent (12 measures) had declined, and four per cent (three measures) were unchanged.

115. The council and its partners are responsive to the needs of local communities, citizens, customers, employees and other stakeholders. The council and its partners undertake surveys of the Citizens' Panel three times a year on broad, cross-cutting partnership issues. The most recent survey was conducted in December 2011. The council also has a range

of other consultation arrangements in place including a consultation page on the council's website, which lists previous consultation and results and any planned consultation.

Housing Services

116. The council has improved its housing management and homelessness service but the pace has been slow and some weaknesses remain.

117. The Best Value report of 2008 reported that the council needed to tackle significant weaknesses in delivering its housing management and homelessness services and included these areas as part of the council's improvement agenda. The 2011–2014 AIP also identified concerns with the council's housing management services.

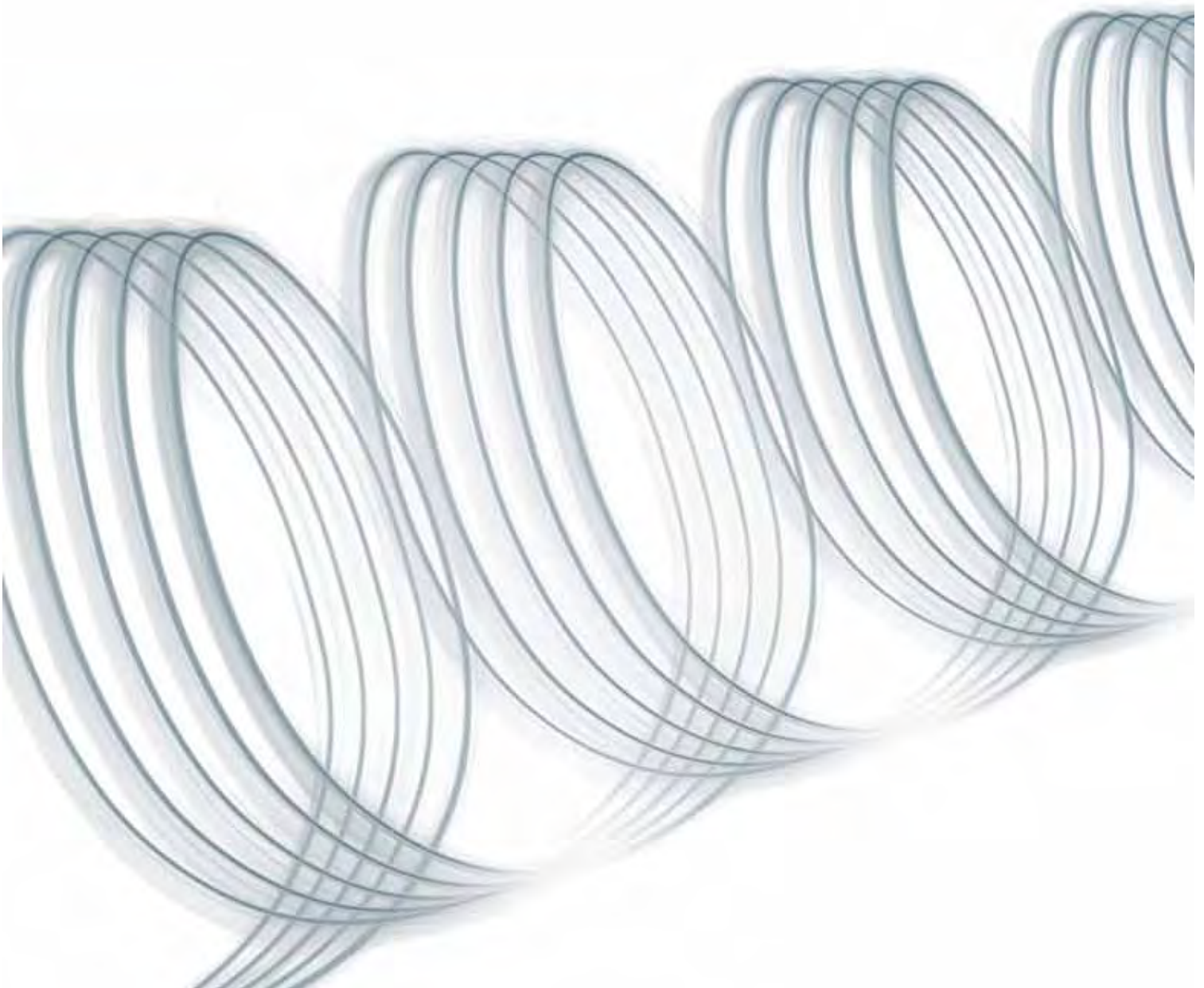
118. In 2008, the Scottish Housing Regulator (SHR) carried out an inspection of the council's housing and homelessness service. It awarded a 'B' (good) grade for the council's asset management and repairs service and a 'D' (poor) grade for both its housing management and services to homeless people.

119. In September 2011, SHR published a report on the council's progress on its improvement plan. It concluded that the council had made some improvements to its housing and homelessness service but had not responded effectively to several other key recommendations and areas for improvement identified in the 2008 report. SHR have indicated that they expect to undertake some targeted scrutiny activity of the council's housing and homeless service in 2012/13.

120. A report containing the council's improvement plan was submitted to the cabinet on 4 October 2011 advising that a Service Improvement Team (SIT) has been formed within housing to develop and monitor an improvement plan.

121. SPI performance is improving year on year in the majority of housing indicators and the council has made significant improvements in the number of dwellings meeting the Scottish Housing Quality Standard (SHQS) over the past three years. However, only one of the housing indicators performs in the top quartile of councils.

Part 6. Is the council managing its resources effectively?



The council manages its resources efficiently and effectively and manages its budgets well. The council's Business Transformation Strategy (BTS) provides a clear focus for efficiency and improvement. The council is making good progress with its implementation. It has improved the way it is managing its workforce, is making progress in rationalising its offices, and improving its procurement function. Since its management review in April 2010, the council is providing greater focus on customer services. It is progressing its proposal for a shared education and children's service with East Lothian Council. The council needs to ensure it maintains the pace and delivery of its workstreams to planned timescales.

Managing finances

122. The council manages its budgets well. Performance against budget is reported to the council throughout the year and includes a detailed material variance analysis including descriptions of, and reasons for, variances, their value and the action taken as a result. The council's financial position has improved, though this is in part due to one-off factors. The council needs to ensure that it delivers its planned efficiencies to reduce the impact on its reserves.

123. There has been a notable improvement in the council's financial position since 2008/09. In 2010/11, there was a further improvement, with a net underspend of £3.6 million reported against the revised budget and the general fund reserve increased to £12.2 million from the previous year's balance of £9.1 million. Of the £12.2 million, £6.4 million was earmarked for specific purposes (£4.7 million in respect of various budget carry-forwards and £1.7 million was earmarked to pay costs arising from the BTS), leaving an uncommitted reserve of £5.8 million.

124. The council faces increasing service pressures during a period of flat cash grant settlements from the government for the foreseeable future. In January 2012, the council reported a projected net underspend of £0.4 million on the 2011/12 general fund revenue budget and a general fund balance of £6.8 million as at 31 March 2012. A further revenue budget report in January 2012 forecast a budget gap of £3.1 million for 2012/13, £7.7 million for 2013/14, rising to £11 million for 2014/15. The ability to bridge these gaps is dependent on the successful delivery of the council's BTS.

The council's change programme – The Business Transformation Strategy

125. The council's *Corporate Strategy 2010–12* sets out how the council's strategic objectives will help to deliver the commitments in the SOA. In order to deliver the strategy, the council has developed a BTS.

126. In February 2010, the council agreed the five-year BTS and revised it in August 2011. The vision of the strategy is 'An excellent and ambitious council, working with you to improve quality of life and provide first class, sustainable services'. It has six clearly articulated workstreams ([Exhibit 7](#)):

- People Strategy
- Effective working in Midlothian
- Procurement
- Service Reviews
- Shared Services
- Customer Services.

127. There are clear links between the six workstreams and each has financial targets ([Exhibit 8](#)). There are clear governance arrangements in place, with each workstream having a project board to maintain

an overview of progress. Each project board reports to the Business Transformation Board which comprises the Corporate Management Team (CMT). The board provides corporate leadership and overall programme management of the BTS. The board in turn reports to the Business Transformation Steering Group which comprises the chief executive and a group of elected members drawn from the three political parties. Progress is then reported to the council, which provides overall governance. Members are actively engaged and provide constructive challenge.

128. Some workstreams have progressed more quickly than others, partly because work in some areas is dependent on the progress in other workstreams. The council needs to maintain the pace of implementation to ensure the projects deliver the anticipated savings to planned timescales.

129. The successful delivery of the BTS is vital for Midlothian Council to achieve the expenditure reductions necessary to live within forecast funding levels. If the BTS does not deliver the anticipated savings, the council may have to consider alternative measures to enable it to deliver services with reduced resources.

130. In response to this, a potential budget gap over the next three years, and the findings of the Christie Commission report, the council is undertaking a further strategic review exercise to consider FMSD; this is discussed further in [Part 7](#) of this report. The findings of this review will help inform the council's next corporate strategy. In addition, the service review and shared services workstreams of the BTS will be reviewed in the light of the FMSD findings.

Exhibit 7**Business Transformation Strategy workstreams**

Service transformation

	Service reviews	Shared services		
Review and transform Midlothian Council services to ensure they are effective, efficient and economically viable and achieve the best outcomes for the people of Midlothian.	Deliver and commission shared and collaborative services and products to facilitate cash savings, improvement, efficiency and innovation.	To provide a modern, consistent, reliable and efficient service to customers, including maximising self-service and interactive service delivery through all available channels.	Customer Services	Enabling transformation
		To develop a supported, engaged and high-performing workforce.	People Strategy	
		To provide, by 2014, a modern, flexible, efficient and cost-effective workplace for employees that will facilitate effective and efficient working practices, improve service delivery and act as a catalyst for culture change.	Effective Working in Midlothian	
		Minimise the total cost of ownership of goods and services that meet the appropriate quality standards.	Procurement	

Source: *Business Transformation Strategy 2011–17*, Midlothian Council

People Strategy workstream – Managing people

131. The council has made good progress, from a low baseline, in developing the building blocks of good people management including a management review, divisional restructuring and the introduction of a People Strategy.

132. In its findings on the 2008 Best Value report, the Accounts Commission found that the council needed to take action to progress the important people management issues which had not yet been fully delivered. The report found that the council's approach to people management was underdeveloped and that it needed to increase the pace of change. The council lacked effective workforce planning processes which should have been a priority given its difficulty in recruiting and retaining staff. Reducing sickness absence and full roll-out of personal development planning continued to be challenging and single status and

Exhibit 8**Business Transformation Programme savings targets 2012/13 – 2016/17**

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Service Reviews	2.335	3.681	6.008	7.649	8.295
Shared Services	–	0.935	1.275	1.473	2.067
Effective Working in Midlothian	–	0.120	0.120	0.120	0.120
Business Services Review	0.372	0.496	0.744	1.487	1.487
Procurement	0.400	0.800	0.800	0.800	0.800
Indicative Savings	3.107	6.032	8.947	11.529	12.769

Source: Midlothian Council, January 2012

equal pay issues posed significant risks to the council and had yet to be resolved.

133. The 2011–14 AIP update noted that the council’s people management was an area of uncertainty as significant organisational restructuring has taken place within the council. The People Strategy was, at the time, under development and included key activities such as reviewing the management structure which had led to a reduction of 62 posts and a voluntary release scheme for staff.

134. The council has also carried out a self-evaluation of people management, using the MEF which it introduced in September 2010. This evaluation identified a number of strengths, including the introduction of a more streamlined pay structure through Modernising Midlothian, the development of a large number of human resource policies, and improvements in the way the council communicates and engages with staff and trade unions (TUs). It also identified areas requiring improvement including developing a People Strategy, putting in place a competency framework, recognising good performance and developing core values.

135. The council used the MEF findings, the results of the staff survey carried out in November 2011 and an Investors in People assessment of February 2011 to develop a People Strategy to take forward all its improvement priorities. The strategy has been developed in consultation with staff and TUs. Its initial focus has been on getting the basic systems and processes in place, engaging with staff, planning the work in a phased and realistic way, and taking time to make sure it adapts approaches that are suitable for the council. The council has made good progress with its implementation.

136. The council demonstrates that it has listened to staff and has responded to what has been said. It has refreshed its staff suggestion

scheme, ‘Making us Better’, and this is now linked to an Ideas Group chaired by the chief executive. Actions resulting from staff ideas are to be reported in a new staff newsletter *Inside Midlothian*. The chief executive, supported by directors, also regularly participates in ‘Question Time’ events for staff.

137. The council has an annual staff survey. The findings of the most recent staff survey published in February 2012, compare favourably with the one undertaken in November 2010 and show a positive direction of travel:

- 77 per cent of staff agree that the council is customer focused
- 80 per cent of staff agree that the chief executive demonstrates leadership, with 71 per cent agreeing that the directors and head of service demonstrate leadership
- 43 per cent of staff feel their employment is secure (compared to 29 per cent in 2010)
- 80 per cent of staff agree that they can voice their opinion
- 74 per cent of staff agree that the staff suggestion scheme of Making Us Better is helpful
- 65 per cent believe their opinions are listened to
- 34 per cent of staff agree that their line manager explains the reason for change
- eight per cent (120 respondents) are unable to identify which service or division they worked for, following the recent changes on organisational structures.

138. The council is analysing the survey results for each division and service. Service level actions will be prepared and these will feed into the People Strategy.

139. The council is committed to developing capacity. The Leadership Forum, including the CMT, heads of service and third-tier managers, is well established and has been effective in progressing corporate projects, engaging senior managers, improving cross-divisional working and improving capacity. It is important that the council continues to develop third-tier managers to support the resilience of the organisation, develop cross-departmental working and an improvement culture.

140. The council continues to deal with some legacy issues among employees who saw a detriment in their conditions as a result of Modernising Midlothian, the council’s approach to Single Status. However, there are now more positive and constructive relationships with TUs. The Advisory, Conciliation and Arbitration Service (ACAS) assisted in developing and training managers and TU representatives on their Recognition and Procedural Agreement. This helped develop a shared understanding and forged a more productive relationship with the TUs.

141. The council is developing its approach to the appraisal of staff and rolling out a competency framework. It has trained 500 managers in its use and has introduced an e-learning module alongside face-to-face briefings for staff. Senior management appraisals are complete. The framework forms the basis of an annual performance appraisal and is linked to pay through a scoring system based on exceptional, competent or improvement required. It will be accompanied by a performance improvement procedure aimed at managing and developing capability in staff, and a moderation process.

142. The council has a proactive and well-managed approach to maximising staff attendance which has resulted in improvements to the levels of staff absence. It reports that the days lost per employee due to sickness

absence for teachers in 2010/11 is 4.9 days, this compares with the Scottish average of 6.6 days and that the days lost per employee for other local government employees is 9.6 days compared with a Scottish average of 10.8 days.

Effective Working in Midlothian workstream – Asset management

143. The council has made good progress in developing its physical assets. In Part 5 of this report, we note that it continues to develop its schools estate programme, has made good progress in increasing the number of dwellings that meet the SHQS and performs well compared with other councils in the proportion of its roads needing maintenance treatment. The council has developed a strategic vision through its Corporate Asset Management Plan (CoAMP) and set clear targets for the Effective Working in Midlothian (EWiM) workstream which focuses on its portfolio of office buildings. It has delivered over 600 new homes as part of its new build programme.

144. The Best Value report of 2008 identified that the council lacked a fully integrated approach to managing and maintaining its physical assets. While progress was being made on a range of strategic asset projects, basic information on the state of council buildings was insufficient. The 2011–14 AIP update considered that the council's approach to asset management was uncertain.

145. The council approved a CoAMP in December 2009, which included a strategic vision for service provision covering six functional areas: property; open spaces; roads, structures, lighting and water-related infrastructure; housing; fleet; and IT. The CoAMP has an action to develop detailed functional asset management plans for each of the six areas. However, during 2010/11 the development of these detailed plans was put on hold as a consequence of the divisional restructure and resourcing issues.

146. As part of the August 2011 revision of the BTS, the Asset Management workstream was replaced with the EWiM workstream. EWiM is a programme of office rationalisation, facilitated by changes in working practices, to improve customer service and provide a more effective workplace. The main objectives from this workstream are:

- current operational office portfolio reduced by 60 per cent by 2017/18
- a density of 8.6 sq.m achieved at all retained council offices
- average desk occupancy in Midlothian and Fairfield Houses increased by 25 per cent
- carbon footprint 53 kg/sq.m or better achieved for all retained properties (2017/18)
- average annual maintenance expenditure of £24 per sq m (Gross External Area) achieved in respect of Midlothian and Fairfield House
- achieve annual occupancy cost of £1,200 per workstation for Midlothian and Fairfield House (combined).

147. The council has consulted widely in developing the EWiM workstream including seminars with elected members, staff and service users. However, the council could do more to engage with its partners on its proposals and to explore opportunities for sharing accommodation and other properties.

148. The links between the EWiM work and other asset management programmes are not clear. The council has prepared an action plan on how it intends to take forward its CoAMP and how this will be managed and resourced. In the 2010/11 performance reports, individual services make reference to delivering on divisional asset management plans or estate plans, while Commercial Operations have

set March 2012 for the completion of a roads asset management plan. The council has established an Asset Management Project Board whose first meeting took place in November 2011. This could provide the council with a vehicle to implement a more effective corporate approach to asset management across the council.

149. The council has continued to develop its school estates programmes and has further plans for new primary and secondary school buildings. The council has a positive track record of managing its primary and secondary estate with most catchment reviews being successfully implemented. The council has made good use of developer contributions to fund replacement primary schools (eg, Hopefield Primary School, Bonnyrigg Primary School, and Lasswade High School). The partnership with East Renfrewshire Council to work with Scottish Futures Trust to determine and secure appropriate funding will result in a new secondary provision in Lasswade which is currently under construction. At present, the council is seeking funding to replace Newbattle High School.

150. As part of the Capital Plan new build programme, the council reports that 106 houses were completed in 2010/11. The council has successfully delivered over 600 new homes as part of its new build programme which started in 2006.

Procurement workstream

151. The council is improving its approach to procurement. It has enhanced its corporate procurement function by setting up a Corporate Procurement Team.

152. The Best Value report of 2008 identified that the council was beginning to modernise its procurement approach but needed to increase the pace of improvement if it was to fully realise benefits arising from shared purchasing and e-procurement. It also needed to monitor and control its purchasing

activity more effectively and so identify further improvements and efficiency savings.

153. The 2011–14 AIP identified concerns with the council's procurement approach. It noted that in March 2010 the council approved an updated Procurement Strategy covering the period 2010–14.

154. Internal audit reports in September 2010 and December 2010 revealed serious weaknesses in the council's procurement processes including the need to strengthen aspects of internal control and governance. The council reviewed its procurement activities to address these concerns, strengthen processes, identify potential areas for savings and cost effectiveness.

155. Scotland Excel has undertaken a Procurement Capability Assessment (PCA) of the council's procurement approach on three occasions. There are four ratings: non-conformance, conformance, improving performance and superior performance. The council has improved its PCA score from 18 per cent in 2009 to 23 per cent in 2010. Although improving, both scores are assessed as non-conformant. The council has taken on board the results of the PCA and findings from internal audit reports and sought external support to gain a better understanding of its score. The council arranged for Scotland Excel to facilitate a workshop in March 2011 and also commissioned a more detailed and independent assessment of its procurement arrangements from SOLACE. In the most recent PCA assessment in November 2011, the council achieved a score of 33 per cent which is classed as conformant.

156. Procurement is also one of the main workstreams in the council's BTS. The council reported in November 2011 that a budget saving of £0.4 million was planned through the procurement workstream for the period 2011/12 with anticipated savings of £0.8 million each year for the following two years. The council's

Procurement Strategy was agreed in February 2012.

Service Review workstream – Competitiveness

157. The council has a robust approach to service reviews that have financial targets projected over the course of the BTS. The council needs to ensure the programme is delivered to timescale and reviewed following the findings of the future service delivery model work.

158. In the Best Value report of 2008, the Accounts Commission identified that the council should give particular attention to ensuring the competitiveness of its services, with the use of options appraisals and benchmarking and, where appropriate, market testing. The report found that the council used benchmarking and some comparison of tender prices, but lacked a systematic process for testing competitiveness. The council contracted a proportion of its services to external providers, but major trading areas have not been subject to recent competition. The 2011–14 AIP assessed competitiveness as an area of uncertainty.

159. In April 2009, the council completed a Best Value review of corporate competitiveness. This recommended reviews of particular services based on their competitiveness and these formed the programme for the Service Review workstream. This workstream aims to 'review and transform Midlothian Council services to ensure they are effective, efficient and economically viable and achieve the best outcomes for the people of Midlothian'.

160. The council has a robust approach to undertaking service reviews. There is good guidance and a range of templates to assist officers in undertaking a comprehensive review of services. The approach includes a review of current service performance benchmarking and an assessment of the competitiveness of the service compared with other similar service

providers. The guidance includes an options appraisal checklist along with a matrix that outlines the scoring methodology and weighting to be applied against key factors.

161. The council has a flexible service review programme which is subject to a good degree of challenge. Each review has a financial target which must be met from service budgets if the review fails to achieve the appropriate savings. Individual reviews are subject to challenge by the BTS working group and steering committee. There is evidence that this challenge is robust and external assistance has been sought to support review teams.

162. In December 2011, the council reported revised targets for its BTS and this included an increase in savings anticipated from its service review programme for the following five years ([Exhibit 8, page 29](#)). These savings represent a significant increase and the council will need to monitor delivery closely to gauge whether these increases are achievable and being delivered. In a monitoring report in January 2012 the council reported that the service review programme had achieved £2.335 million in savings.

163. The council continues to strengthen its approach to options appraisal and competitiveness; at a meeting of council in January 2012 it agreed to use a set of criteria on which future service delivery decisions should be made. These criteria include economy, quality, investment, management focus, market opportunities, employee impact, and transference of risk.

Shared Services workstream

164. Midlothian Council is making progress in developing a shared education service with East Lothian Council, through its shared services workstream of the BTS. However, the councils need to define clear timescales for development and provide clarity about the service improvements sought and the

benefits for service users as a result of this work.

165. The council has included a shared services workstream in its BTS. The aim of this workstream is to explore ways of delivering and commissioning shared and collaborative services with neighbouring authorities and other partners. The purpose is to help bring about cash savings and improve the effectiveness and efficiency in the way services are delivered.

166. In June 2010, the council approved proposals to take forward shared services in education with East Lothian Council. The councils established a Joint Liaison Group (JLG), consisting of the leader, another senior councillor and the chief executive of each council. They also established a shared services project team that comprises senior officers of each authority's education services. Both councils have held a number of joint staff focus groups and events with key stakeholders such as unions, head teachers, parents, carers and young people.

167. In June 2011, the councils agreed to develop shared service arrangements for strategic management and operational support services for Education and Children's Services. They have made progress in developing operational workstreams that bring together staff from both councils.

168. In November 2011, elected members from both councils approved the work undertaken to date. The councils appointed a new director of Education and Children's Services for the shared service early in 2012. The employing body will be Midlothian Council. The work to date has made some headway, but there need to be clearer timescales for development, more clarity about the service improvements sought and the expected benefits that shared educational services will make to children, young people, families and communities in the two council areas,

particularly in the areas of attainment and achievement.

Customer Services workstream

169. The council has in place the building blocks to improve the way it delivers customer services. It had been slow in developing its approach to customer services following the findings of the Best Value report of 2008 but has made good progress following the management review in April 2010. The council needs to maintain its momentum in this workstream, to bring it to the level of other councils which have had arrangements in place for a number of years. The council needs to demonstrate how service users' views are used to inform how council services can be accessed and delivered.

170. In the Best Value report of 2008 the Accounts Commission found that the council needed to take corporate action to improve its standards of customer care. The report found that the council's approach to customer care was inconsistent. It needed to improve the quality and range of services provided by its contact centre and through its website. The council had only recently begun to monitor complaints corporately, and the data was not reliable. The council had in place a set of corporate customer care standards but needed to implement customer care training. A key improvement area for the council was to improve customer care by fully implementing the Customer First Strategy action plan, address significant weaknesses in Contact Midlothian and use complaints to support improvement and roll out customer care training.

171. The 2011/12 AIP reported that progress had been made on expanding the contact centre and that new customer care standards had been produced, which were yet to be finalised and underpinned by training. Although the council has picked up the pace in developing its approach to customer services, it has been slow to make the

improvements as outlined in the Best Value report of 2008.

172. Since the council's management review in April 2010, the council is providing greater focus to its development of customer services. It has included customer services as a workstream in its BTS and, in its management review, created the post of head of customer service. The council approved its Customer Services Strategy in May 2011 and endorsed the launch of Midlothian Council Customer Care Standards and Customer Service Charter in August 2011. Although the council is placing greater emphasis on customer service this is still at an early stage and there is no evidence yet of this being embedded in services.

173. The council has a corporate priority to provide an efficient complaints service. It has a customer feedback and complaints procedure but it is not used and reported in a systematic way. In addition, it reported for 2010/11 that of the 402 complaints only 71.9 per cent were completed within the ten days or agreed timescales, this was against a target of 100 per cent. The council has mechanisms in place for feedback to be received, recorded and monitored through the council's Customer Relationship Management system within its contact centre. However, as yet this is not being done on a corporate basis and services still have their own arrangements in place. Although services collect and use customer information from a variety of different mechanisms there is no systematic approach to monitor, collate, assess and report on customer satisfaction trends and use that information to inform improvement priorities.

174. The council has initiated a review of its corporate complaints procedure. This should take into account the Scottish Public Services Ombudsman's guidance on a model complaints handling procedure which is outlined in its review paper. The council has not set a timescale for this review.

175. The council has identified that there is a delay in rolling out its customer care training. However, it has a training plan in place and an electronic customer service course which it has launched. The council needs to pick up the pace of implementation of its customer service workstream and demonstrate how service users' views are used to inform how services are delivered.

ICT, data handling and information security

176. The council understands the importance of ICT in delivering its modernisation programme and this is reflected in the ICT strategy. In line with the findings of the McClelland report (*Review of ICT Infrastructure in the Public Sector in Scotland*, June 2011), it is important that the council explores all opportunities to maximise the impact of its ICT, including consideration of shared services and increasing levels of web-based services and online transactions. ICT will be fundamental to the delivery of the BTS workstreams and in particular the EWiM, with the emphasis on mobile and flexible working and the customer services workstream enabling a shift in ways that people can interact with the council.

177. The AIP identified concerns with the council's ICT. ICT was also identified as a key risk area in the 2009/10 annual audit report. In June 2010, a revised IT structure was agreed by the council and an IT strategy was approved by the CMT in October 2010.

178. In the 2011 annual audit report, the council's external auditors highlighted a significant incident that occurred with the corporate IT back-up regime and which could have significantly affected IT business continuity. It reported that this incident was not escalated to the corporate risk register or recorded within the risk management framework neither was it communicated in a timely manner to the CMT. The council's management structures have now been revised and ICT is now situated

within Customer Services. These arrangements should provide more robust monitoring and challenge of performance and risk management.

179. In August 2010, the council approved its ICT Strategy 2010–14. This identified the need for the strategy to support the revised customer service strategy, which was updated in February 2011. This strategy reflects the need to identify and implement a plan for managing and increasing channel shift and maximising self-service and interactive service delivery through all available channels all of which have a strong ICT focus. The council's 2010/11 performance report for customer services reports that telephone payments have increased by 24 per cent and internet payments by 31 per cent from 2009/10. The number of website transactions increased from 1,954 in 2009/10 to 2,820 in 2010/11.

180. There has been an improvement in the council's website. The council's new website, launched on 9 February 2011, has been rated within the top ten in Scotland, and within the top 20 per cent of all local authority websites across the UK, according to Sitemorse.com which examined the usability, accessibility, reliability and performance of local government websites across the United Kingdom. Sitemorse.com reports that visits to the council's website are up over 13 per cent from last year, with around 1,400 residents now using the website every day.

181. The 2010/11 annual audit report identified data handling and information security as a key risk. It reported that responsibility to manage and protect information used rests with everyone in the organisation. However, in January 2012 the Information Commissioner's Office (ICO) imposed a penalty of £140,000 on Midlothian Council for disclosing sensitive personal data relating to children and their carers to the wrong recipients on five separate occasions. The council had clear arrangements in place for handling sensitive or

confidential data but these were not followed. The council has reviewed its procedures and provided mandatory training on handling information.

Risk management

182. The council has a well-developed approach to managing risk. The risk and audit manager maintains the policy and strategy and an inclusive approach to risk management is promoted through the corporate risk management working group. This group meets regularly to update the risk register and all services are represented on the group. The council has undertaken a review of the corporate register and this was reported to CMT in March 2012.

Equal opportunities

183. Equality issues are clearly incorporated into the work of the council. It has the appropriate processes in place to manage equalities, train staff and monitor performance. The council works with partners to promote awareness of equalities issues within its communities.

184. The Best Value report of 2008 found that the council showed a clear commitment to raising the profile of equalities through its range of policies, the Community Planning Equalities Forum and by carrying out equalities impact assessments. The report considered the council could better involve equalities groups in shaping services and needed to improve its monitoring arrangements to better demonstrate that it was delivering equality across all its services.

185. In November 2010, the council approved a Single Equalities Scheme (SES). The scheme sets out actions to tackle inequality. The council's Equality Working Group (EWG) and the Joint East and Midlothian Community Planning Equalities Forum are responsible for the delivery of the SES. The council's EWG comprises equality representatives for each service and the group's remit is to ensure that the council is compliant with equalities legislation and to drive

the mainstreaming and embedding of equality throughout the organisation.

186. One of the key strands of the SES is the programme of implementation of equalities impact assessments for all functions and policies. In November 2011, the council's performance report indicated that of the 17 actions for the period 2011/12, ten were completed, four were on target and three were off target. Of those that are off target, two relate to how homeless young people are supported and the council outlines action to address this. The third action off target related to increasing the number of children and young people with additional support needs maintaining inclusive placements in schools through consistent use of staged intervention. The council has completed a draft exclusion policy to address this, which is out for consultation.

187. Since the Best Value audit report of 2008, the council has improved how it monitors equalities. It has carried out analysis of the composition of its workforce in terms of the core equalities characteristics. It has also developed a robust Equalities Impact Assessment (EqIA) timetable and process to ensure the impact of relevant new and revised functions and policies and budget savings are impact assessed. The council monitors its SES through its Planning and Performance Management Framework (PPMF) system and reports to council on a six-monthly basis. All plans and strategies undergo an EqIA and a calendar of EqIAs has been developed.

188. The council's SPIs show that there has been a decrease from 36.6 per cent in 2009/10 to 34.8 per cent in 2010/11 in the percentage of council employees in the top two per cent of earners that are women. However, it also reports that there has been an increase from 42.8 per cent in 2009/10 to 44.6 per cent in 2010/11 in the percentage of council employees in top five per cent of earners that are women. There

Exhibit 9

Midlothian People's Equality Group

A group of nine people took part in a Participating Rapid Appraisal course on a theme of a 'More Equal Midlothian'. The course was organised by Midlothian People's Equality Group, with the support of Midlothian Council. The participants include people with learning difficulties, carers, people from ethnic minorities, older people and young people. The interviewees included representatives from Police Community Liaison, Social Work, Shakti Women's Aid, Changes Community Health Project, a transgender women and local disability activists from Forward Mid. Participants were presented with course certificates by Councillor Bennett, chair of the CPP steering committee.

Source: Midlothian Council

has also been a significant increase in the percentage of council buildings in which all public areas are suitable and accessible for disabled people from 76 per cent in 2009/10 to 89 per cent in 2010/11.

189. The council and its partners can demonstrate the impact of their equalities work in how they work with communities. The council helps to increase awareness and access to community and public transport through the council's Physical Disability strategy planned meetings. Its travel team continues to be involved with meetings of the Joint Physical Disability Planning group and provides information on public transport and alternative transport where requested by interested groups and individuals.

190. The council is also developing the role of the Midlothian Council Employee Disability Consultation Forum. The council has also updated and publicised consultation and community engagement guidance with reference to equalities issues. A key priority for the council's SES is to increase stakeholder involvement and participation. The council reports that it has established a Midlothian Equality and Diversity network as a platform for ongoing communication with local people across equalities groups and user lead organisations and advocacy groups. The council also works with its partners to promote

awareness of equalities issues within its communities ([Exhibit 9](#)).

Sustainability

191. The council's performance reporting shows that the council is on track to achieve its sustainability priorities.

192. The 2011/12 AIP identified that there was no significant concerns in the council's approach to sustainability. The council's corporate priorities are all defined to ensure the environmental, social and economic sustainability of Midlothian. The Corporate Strategy is delivered through the council's service plans and monitored quarterly.

193. To achieve its 'green' and wider sustainability outcomes, the council has a Sustainable Development Framework (SDF) (Incorporating Sustainable Development Policy Statement). The council's associated sustainability action plan is aligned with Audit Scotland's sustainability audit framework. The council monitors the implementation of its SDF and action plan annually and its actions and targets are reviewed.

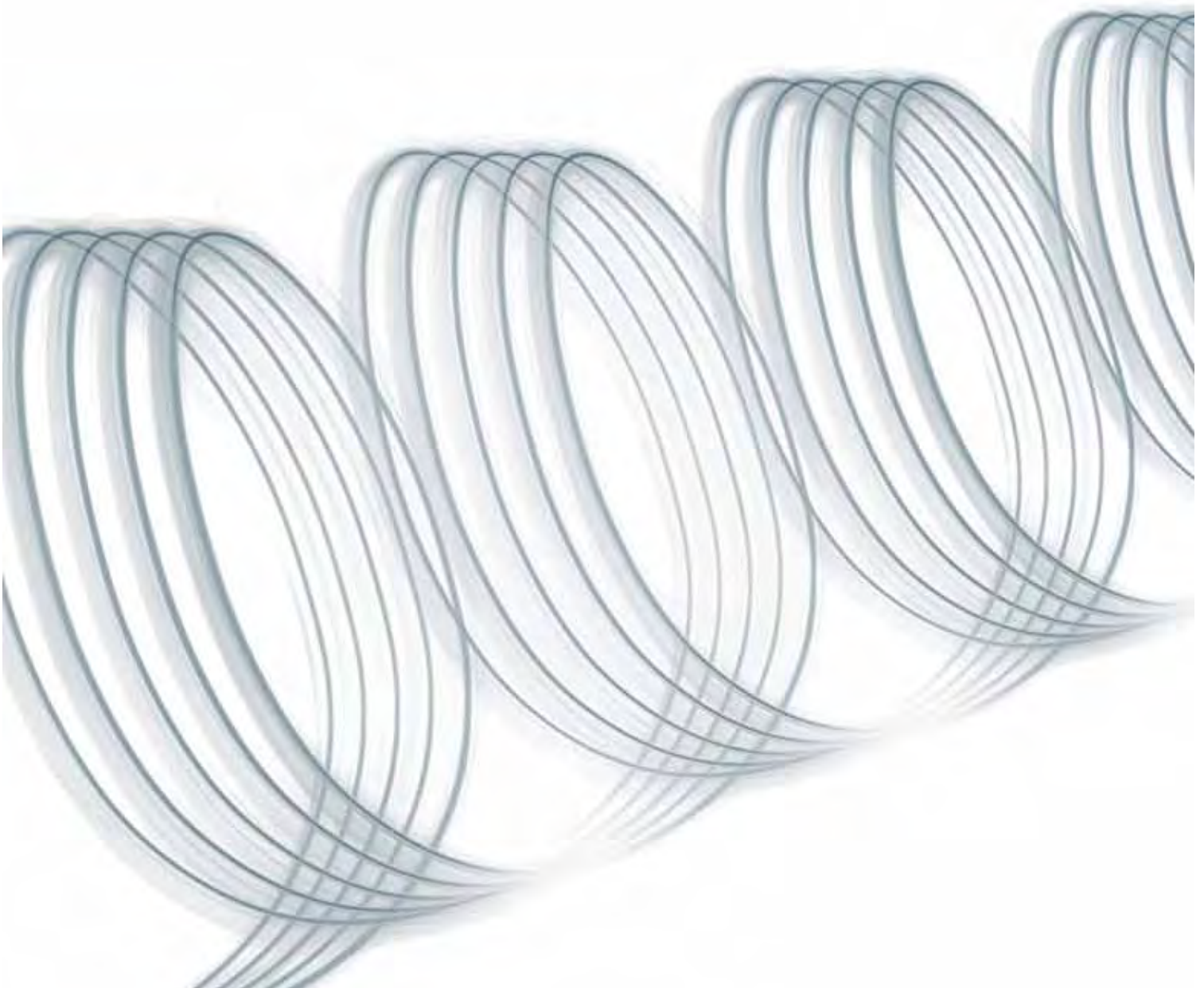
194. Sustainability is a key strategic priority for the council and is highlighted in its Corporate Strategy as a corporate value with a particular focus on positive long-term social, economic and environmental benefit to Midlothian. The sustainability agenda

features prominently in the council's corporate objectives principally:

- Objective 2 – Maximising business opportunities and the action to 'promote inward investment and create quality and sustainable business locations'. The council has put in place the Midlothian Economic Development Framework and has a Midlothian Business Opportunities Strategic Group to monitor its implementation. The group oversees the coordination of the council and its partners response to the economic downturn as well as work to promote Midlothian and support small businesses.
- Objective 4 – Conserving and improving Midlothian's natural environment and the action to 'promote sustainable development, including through Best Value and climate change duties'. The council has put in place an SDF, policy statement and a sustainability action plan. It has a Sustainable Development and Climate Change Group to oversee the implementation of the framework. The council also reports improved performance in the percentage of municipal waste that is recycled, a reduction in the waste that goes to landfill and a reduction in carbon emissions.

195. Sustainability is further embedded within the council's BTS particularly around the sustainability of council services. All committee reports are required to identify sustainability issues. The council and its partners are also providing a greater emphasis and focus in the consideration of partnership outcomes to the wider sustainability agenda through the merging of theme groups to support both the green agenda and the wider economic and social sustainability agenda.

Part 7. Prospects for future improvement



In 2008, the first Best Value audit report of Midlothian Council highlighted a number of key areas for improvement. Since that time the council has done much to improve its approach to Best Value in terms of corporate management, officer leadership, leadership development, performance management, and people management. The council has developed a BTS and made good progress with its implementation. In a move to respond to the changing external environment it is also reviewing alternative service delivery models. There is also evidence of improved political leadership, scrutiny and challenge. Members can build on this by engaging actively in the council's Continuous Professional Development (CPD) programme.

Council services are improving but performance levels in some areas remain below national averages. The council shows good awareness of where it needs to improve and has plans in place to do that but could be more systematic in using benchmarking and customer satisfaction information to drive improvement.

Does the council have the leadership capacity and capability to deliver improvements?

196. The council has strengthened its leadership and increased the pace of improvement in the last two years.

197. Since the Best Value audit report of 2008, the council has demonstrated its ability to deliver improvement and can show significantly improved managerial and political leadership. The council needs to maintain momentum in areas where it has made good progress and increase the pace in areas where progress has been slower.

198. In the Best Value report of 2008, the Accounts Commission recommended that the council

give particular attention to elected members and senior officers providing a clearer focus on Best Value and support for continuous improvement and consider how best to build manager and professional capacity within the council. The report stated that the council's management team needed to demonstrate stronger leadership in addressing weak performance, establish a culture of continuous improvement and take action to improve the capacity of the organisation.

199. The chief executive has shown strong leadership since he took up the post in September 2009. There is wide support for the chief executive's open and transparent approach. He is seen as a driver of change and is providing a clearer direction and focus for the council. The chief executive provides strong, visible and accessible leadership. This has helped improve communications between management and staff.

200. Our audit found that corporate working has improved and that cross-divisional working was strong at senior management level. The new management team has been decisive in producing a BTS. The strategy is a well-thought-through and wide-ranging programme of modernisation.

201. The council has a cohesive strategic corporate management team (CMT). This comprises the chief executive, the director of Communities and Wellbeing, who is also the council's chief social worker; the director of Education and Children's Services; and the director of Corporate Resources. Other senior officers also attend the CMT including the head of Finance and Human Resources, the head of Customer Services, the HR advisory services manager, the corporate improvement manager, the communications manager, the executive officer for transformation and the transformation programme manager. Other heads of service attend dependent on the agenda and reports being discussed.

202. The council's CMT provides a good strategic focus for the council. The CMT meetings have core agenda items which include corporate policy, service performance, finance and human resources. Staff communication and staff ideas are regular topics on the agenda along with workforce management policies.

203. The council is building the capacity of senior managers. Its Leadership Forum was introduced in 2009/10 and brings together senior managers from across the council, promotes corporate working and ownership as well as providing leadership development. A key strand of the council's People Strategy includes mentoring and development training, in order to provide support and resilience to the CMT.

204. There is senior management buy-in and leadership of the BTS through CMT's involvement in the Business Transformation Board. There are also clear governance structures in place and elected member involvement in both scrutiny and challenge through the Business Transformation Steering Committee. Elected members show commitment to the council's change programme and there is political consensus on the priorities.

205. The council has improved the strategic capacity of its elected members and provides a range of development opportunities to assist in their continuous development. The council has put in place job descriptions for councillors and an elected member CPD programme, introduced in 2008. This is reviewed annually. In a report to the council in March 2011, and based on consultation with elected members, it proposed the elected member CPD programme for 2011/12. There has been an increased focus on standards, behaviours and member training and briefing sessions. Elected member attendance at training and briefing sessions, as reported in March 2010, was variable, however,

with less than half the members attending 20 of the 24 training events that had been scheduled. Members should engage actively in the council's CPD programme.

206. Effective political leadership for the council is provided by a strong, focused council leader who provides visible leadership of the improvement agenda and also robust challenge to officers. There is an effective opposition and evidence of constructive working relationships between party groups who are focused on taking forward plans to improve services and quality of life in Midlothian. There is also good cross-party working in the council on its major change programme through the Business Transformation Steering Group which includes members from all three political parties. Elected members are focused on delivering outcomes for the people of Midlothian rather than being restricted by political and managerial structures.

207. Scrutiny arrangements in the council have improved since the Best Value report of 2008. The changes in the committee structures of the council have improved the scrutiny of performance and the audit function.

Performance management and scrutiny

208. The council has improved its performance management, challenge and scrutiny since it reviewed its committee structures in June 2010. However, the council could be more systematic in the collection and use of customer satisfaction to drive improvement, and in the use of comparative or benchmarking information to assure itself that performance levels are comparable with others and identify where it can aspire to be better.

209. The Best Value report of 2008 reported that the council's track record in achieving its corporate priorities within planned timescales has been mixed. However, it was improving the way it monitored and reported

performance and was creating a stronger performance culture. It had not yet fully implemented the PPMF across the organisation. The 2011–14 AIP reported no significant concerns with the council's performance management. In June 2010, the council approved the creation of a separate Performance Review and Scrutiny Committee (PRSC). Performance officers have been appointed in each division and short and long-term trends in performance are being monitored more closely.

210. The management arrangements within divisions and services contribute to an improved approach to the scrutiny of performance. The council's system for the management of service performance is effective and used across all divisions. Its performance management system Covalent is a 'central repository' for service performance indicators, improvement activities and discrete plans/themed work such as BTS and equalities. Quarterly divisional performance reports are discussed at divisional management teams prior to discussion with the chief executive before being submitted to the cabinet and PRS committee. Heads of service are challenged on performance at each of these stages.

211. Although this information is available within some services, divisions need to be more systematic at including value-for-money assessments, benchmarking or comparison information and assessments of customer satisfaction levels. The council does not systematically collect and report evidence to demonstrate that their services are value for money.

212. The council changed its committee structures in September 2010; it replaced its Performance, Scrutiny and Audit Committee with a separate Audit Committee and a PRSC. These are both chaired by members of the opposition parties. The change in committee structures has had a positive effect. This has led

to improvements in the scrutiny of the audit function as well as a greater focus on service performance. There are effective governance structures in place for scrutiny, BTS and community planning. The approach to scrutiny is still evolving, especially the role of the PRSC. There has been a shift towards having heads of service in attendance to account for performance and the committee is also exploring the potential to invite partners to report.

213. Elected members challenge service performance at both cabinet and PRSC. Quarterly performance reports against the service plans are then reported to cabinet and PRSC. There is evidence that members request clarification, further information and follow-up reports in areas of concern.

214. Elected members approve the council's and individual service improvement plans. Each service area within each of the three divisions, captures their improvement plans within their service plans. Elected members approve all ten service plans following discussion between the divisional heads of service and the chief executive.

215. The council leader is robust in his challenge of service performance and in following up progress in any areas of concern. Following the Audit Scotland performance audit of housing and council tax benefit risk assessment report, elected members challenged officers to improve performance and monitor progress. The council has turned around performance and is now performing within the upper quartile of councils.

Public performance reporting (PPR)

216. The 2011–14 AIP identified some uncertainty about the council's arrangements for PPR. Midlothian Council has a planning and performance framework and a separate PPR framework. The 2010/11 PPR report demonstrates activity across the SPI categories.

217. There has been a positive improvement in the council's website with committee agenda, papers and minutes made available. The council has dedicated performance pages on its website giving access to quarterly performance reports and performance information for each service as well as community planning. A summary version of the annual PPR is also made available in libraries, leisure centres and council receptions. The council should continue to refer to the SPIs Direction to ensure that it provides a sufficient range of performance information, trends and comparisons.

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

218. The council is aware of where it needs to improve and has plans in place to do so and the council captures improvement activity in its performance management system. The BTS workstreams and work being undertaken to identify future service delivery models demonstrate the council's commitment to change.

219. Midlothian Council's improvement agenda, arising from the Best Value report of 2008, listed 13 improvement areas. The council developed a Best Value audit action plan with 29 improvement actions to address the improvement areas. Its progress against this action plan was last reported to CMT in June 2011. The progress report also identified an additional improvement action to develop a competency framework for employee recruitment, appraisal, reward and development to help build managerial and professional capacity within the council. Of the 30 actions outlined, the council reported 23 of them as complete with no outstanding actions; of the remaining seven the council identified outstanding actions. However, many of these are areas where the improvement action has been addressed and work is ongoing.

220. The council has a coherent approach to capturing improvement

activity; this is now outlined in service plans. The activity is captured in the council's PPMF and reported via Covalent; this includes improvement actions from external audit, internal audit, service reviews, and self-evaluation from the MEF.

221. The council manages its BTS effectively as described in [Part 6](#) of this report. It also has an established and robust performance management system and is beginning to embed a self-evaluation approach. With its current project to consider future service delivery models, the council demonstrates that it is alert to the changing external environment and thinking about how it needs to respond. The challenge for the council is to deliver on its commitments as planned.

222. The council's approach to self-evaluation, the MEF, is developing. Five pilots have been undertaken across the council and these have been evaluated and a 'MEF-lite' approach is currently being piloted in the Corporate Improvement Section. The council has plans to develop a programme of MEF assessments across all divisions linked to the service review workstream.

223. Council services are improving but some services remain below the Scottish average. The council is clear where improvement is needed and is working to address this.

Review of the Future Model of Service Delivery (FMSD)

224. Alongside the BTS, the council is currently undertaking a more fundamental review of FMSD. Members and officers recognise the need to review how the council delivers services in the future to reflect the changing external environment. The objectives of the FMSD include looking at how public services should be accessed locally and the opportunities for preventative spend. The council must ensure that it resources the project sufficiently to ensure that it is delivered effectively while ensuring that it does not lose

momentum with the other projects progressing under BTS. The council also recognises that it will need to review the BTS workstream priorities in light of the findings of the FMSD.

225. During 2010, the council undertook an extensive public consultation exercise to identify how residents of the area would like services to be delivered in order to find better ways of working, and save money. This included a survey with the Citizens' Panel; a similar survey in the *Midlothian News*, the council's newspaper that is delivered to all residents; a website survey; and four community engagement events attended by the council leader and the chief executive.

226. The results of this consultation were reported to the council in January 2011 and led to elected members supporting a recommendation that the council carry out a fundamental review of the future model for service provision. The review will take account of the geographic, economic and transport infrastructure along with the population composition and distribution across Midlothian to evaluate whether appropriate services are accessible at a local level. It will consider shared service opportunities in order to assess how council and partner resources might be better used. A further objective of the review is to assess the future role of the community and voluntary sectors in service provision through community capacity building. The aim is to develop a corporate strategy to identify and evaluate alternative service delivery models and opportunities to move from reactive spend to preventative spend.

227. The council outlined a project plan for the delivery of the review of FMSD by summer 2012. However, in February 2012 the council reported that this workstream, along with that of the service reviews, was not on target. The project plan has since been revised, and draft priorities for future service delivery models are to be in place by November 2012.

Appendix 1.

Judgement descriptions

The Best Value audit provides two overall judgements on council performance. One assesses how well the council is performing and the other covers the council's prospects for improvement. The judgements are based on standard descriptors and the emboldened text indicates the audit assessment for Midlothian Council.

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

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

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

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

Midlothian Council

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ACCOUNTS COMMISSION

MEETING 17 MAY 2012

COVER NOTE BY SECRETARY AND BUSINESS MANAGER

**BEST VALUE AUDIT AND INSPECTION OF DUMFRIES AND GALLOWAY
CONSTABULARY AND POLICE AUTHORITY**

Purpose

1. The purpose of this paper is to introduce the report of the Best Value audit and inspection of Dumfries and Galloway Constabulary and Police Authority. The Commission is invited to consider the report and decide which of the options for action it wishes to take.

The report

2. This report is the sixth joint Best Value audit and inspection report to be produced by the Controller of Audit and Her Majesty's Inspector of Constabulary for Scotland (HMICS). The process has been influenced by the latest developments arising from the joint scrutiny planning process and BV2 development, and by the evaluation of the two pilot police Best Value audits.
3. Insofar as the report relates to the police authority, it is made by the Controller of Audit under section 102 of the Local Government (Scotland) Act 1973 as amended by subsequent legislation, including the Local Government in Scotland Act 2003. The report is made by the Controller of Audit to the Commission. The report is also being sent to the Clerk of the Police Authority. The Clerk is required to supply a copy of the report to each member of the authority and to make additional copies available for public inspection.
4. The Accounts Commission and HMICS each have statutory powers to audit and inspect BV in police authorities. The Commission is only able to take action in relation to the Best Value audit of the police authority. HMICS's judgements, relating solely to the police force and Chief Constable, are outside the Commission's remit. HMICS is directly accountable to Scottish Ministers.
5. The legislation provides that, on receipt of a Controller of Audit report, the Accounts Commission may do, in any order, all or any of the following, or none of them:
 - (a) Direct the Controller of Audit to carry out further investigations;
 - (b) Hold a hearing;
 - (c) State its findings.

Consideration of the report

6. The Controller of Audit and members of the audit team from Audit Scotland will be present at the Commission meeting to answer questions, along with Andrew Laing, Her Majesty's Inspector of Constabulary for Scotland, and HMICS staff.

7. If the Commission considers that it requires further information to proceed with its consideration of the report, it may direct the Controller of Audit to carry out further investigations. If the Commission is satisfied with the information which it has, it may wish to proceed to make findings unless members consider that a hearing is necessary.
8. The circumstances in which the Commission may wish to hold a hearing are likely to include:
 - where the Commission has serious concerns about the performance of a local authority as demonstrated in the audit report; or
 - where there is a strong difference of opinion between the Controller of Audit and the local authority.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make enforcement Directions requiring authorities to take such action as is specified in the Direction.
10. HMICS may also wish to add findings to the report in respect of the police force.

Media

11. Once the report is sent to the authority it is effectively in the public domain and may attract media interest. As with council Best Value audits, it is not intended that any media comment should be made by the Commission until it has deliberated on the report. The approach to media presentation will be agreed between the Commission and HMICS in order to ensure that the joint report together with any findings agreed by the Commission have the maximum impact in promoting improvement in police services.

Conclusion

12. The Commission is invited to:
 - consider the joint report by the Controller of Audit and HMICS on the Best Value audit and inspection of Dumfries and Galloway Constabulary and Police Authority; and
 - decide how it wishes to proceed.

Paul Reilly
Secretary and Business Manager
3 May 2012

Dumfries and Galloway Constabulary and Police Authority

Best Value Audit and Inspection



Prepared for the Accounts Commission and Scottish Ministers
May 2012

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

Text starts here

HM Inspector of Constabulary for Scotland findings

Text starts here

Introduction

This joint report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973 and by Her Majesty's Inspector of Constabulary for Scotland (HMICS) under section 33 of the Police (Scotland) Act 1967.

The Local Government in Scotland Act 2003 introduced statutory duties relating to Best Value and Community Planning. Its provisions apply to local authorities, including police authorities, and require specifically that:

- councils and police authorities secure best value (defined as achieving continuous improvement in the performance of functions)
- police authorities and chief constables participate in the community planning process.

The Act also amended the audit arrangements set out in the Local Government (Scotland) Act 1973 to cover Best Value and gave powers to the Accounts Commission to examine Best Value in police authorities. HMICS has a statutory duty under section 33 of the Police (Scotland) Act 1967 to inspect police forces and common police services, and to report to ministers on their state and efficiency. The 2003 Act extends this to include provision for HMICS to inquire into and report to Scottish ministers on whether a local authority is carrying out its functions both as a police authority and in relation to a number of matters including Best Value.

The 2003 Act is supported by more detailed statutory guidance on Best Value and Community Planning, and a series of advisory notes on specific topics such as elected member leadership. This guidance is designed to be descriptive rather than prescriptive, defining the goals that organisations should aim for but allowing them local discretion on the methods and routes they use. The Scottish Government issued further guidance for police authorities and forces. This guidance includes *Justice Department Circular 11/2003 Best Value Guidance, the Guidance for Members of Police Authorities and Joint Authorities, June 2007* (Appendix 1).

The scope of Best Value and Community Planning is broad and the guidance and statute indicate that a successful police authority will:

- work in tandem with the chief constable to develop a clear set of priorities that respond to the needs of the community in both the short and longer term
- be organised to support the delivery of these priorities
- meet, and clearly demonstrate that it is meeting, the community's needs
- operate in a way that drives continuous improvement in all its activities.

Similarly, a successful police force will:

- work with its partners and the police authority/police authorities to develop a clear set of priorities that respond to the needs of the community in both the short and longer term
- be organised to deliver these priorities
- meet, and clearly demonstrate that it is meeting, the community's needs

- operate in a way that drives continuous improvement in all its activities.

The key objectives of this joint audit and inspection were to:

- Assess the extent to which Dumfries and Galloway Constabulary and the police authority, as discharged through the council's Police Fire and Rescue Committee (PFRC), are meeting their duties under the Local Government in Scotland Act 2003 and complying with Scottish Government guidance.
- Agree planned improvements with the local authority, force and the PFRC, to be reviewed by external auditors and HMICS on an ongoing basis.

As Best Value and Community Planning encompass a wide variety of activities, it is not realistic to audit or inspect everything in depth. For this reason we planned our detailed work in two ways:

- We considered the force structure in detail to ensure the audit and inspection took account of the different contexts and policing demands.
- We selected certain aspects of the force's and authority's performance for detailed investigation. We used a wide range of sources, including the force and authority's own assessment of their performance, reports issued following external audit and inspections and the Scottish Policing Performance Framework (SPPF) to assess risks and scope our work to inform this selection.

Our joint report reflects this proportionate approach, with detailed commentary in some areas and more limited coverage in others. Our main audit and inspection work was conducted in January 2012. The report includes a corporate assessment of the authority and the force, while the performance assessment covers only the force.

We gratefully acknowledge the co-operation and assistance provided to the team by Councillor Ian Blake, Convener of Dumfries and Galloway Police, Fire and Rescue Authority; Patrick Shearer, Chief Constable of Dumfries and Galloway Constabulary; Gavin Stevenson, Clerk to the Police, Fire and Rescue Authority and Chief Executive of Dumfries and Galloway Council and all other elected members, police officers and staff involved. We are also grateful to the community partners who participated in the audit and inspection.

The tripartite arrangements and police authorities' leadership role

The force is governed through a tripartite arrangement between the chief constable, the police authority, and Scottish ministers. As the force covers only one local authority area, the authority carries out its functions through a committee of the council. Scottish ministers have responsibility for national policy on law and order as well as the power to regulate on various policing matters including pay and conditions. The police authority is responsible for setting the police budget, holding the chief constable to account and ensuring that best value is achieved. The chief constable is responsible for the operational aspects of policing within the force area.

The effect of these arrangements is that the authority and the chief constable, although they have different roles, must work in tandem to achieve best value. In this report, we only make judgements

on the authority and force, but all parties to the arrangement, including the Scottish ministers, have responsibility for the overall performance of the police service.

Summary

Overall conclusions

1. Dumfries and Galloway Constabulary (the force) performs strongly on the majority of assessment measures, in terms of both improvements over time and in comparison with other Scottish forces. It exhibits some of the lowest crime rates in Scotland and higher than average detection rates. It achieves high rates of user satisfaction on many aspects of the community's interaction with the force.
2. As Dumfries and Galloway police authority is a unitary police authority, it discharges its responsibility through a council committee, the PFRC. The committee is effectively engaged in setting and approving the vision for policing. Policing features strongly in the day-to day business of the council and its partners. There is an effective and strong peer relationship between senior partners including the chief constable, the PFRC convener, and the clerk to the PFRC, who is also the council chief executive.
3. This is further strengthened by the supporting arrangements which include: the engagement of all elected members in policing through community planning, area committees, and the council's budget setting process; the convener's dual role both as PFRC convener and chair of the community safety partnership; the chief constable's role as a key community planning partner; and the force's participation on the council's Corporate Management Team (CMT).
4. The well established relationships between the police authority and its partners are also under-pinned by strong governance and supporting processes. The convener, chief constable, and the chief executive, (both in his capacity as chief executive and in his role as clerk to the PFRC) understand and fulfil their respective roles and responsibilities. In relation to governance of policing by the PFRC, there is clear evidence to show improvement based on previous Best Value Audit work.
5. The convener provides strong leadership to the PFRC and its members, who are committed to their role and who provide systematic scrutiny of the force's performance. However there is scope for the PFRC to strengthen the challenge and direction it provides over how the force manages risk and demonstrates value for money. Public reporting could also be improved by providing more contextual and comparative performance information. The police authority has made efforts to improve the skills and capacity of elected members on the PFRC. However it should consider how it can improve the uptake of training, particularly for those less experienced members appointed after the 2012 council elections.
6. The police authority and the force work constructively together in managing police finances. The PFRC scrutinises the force's annual budget expenditure effectively including its workforce costs, efficiency savings, and capital programme expenditure. It has not yet provided this level of strategic direction over the way resources are planned over the longer term. The authority will now need consider how it can provide strong strategic direction in the period leading to the transition to a single national police force and in a way which supports

the objectives of reform. The police (and fire and rescue) Authority has agreed to recommend to the new council that the PFRC's remit is changed to include oversight of the transition to the new arrangements.

7. The PFRC provides limited oversight of the force's progress with equal opportunities and diversity, and has not met its own commitment to monitor progress in this area.
8. The force has a clear and well informed vision for what it wants to achieve for its communities. It is delivering a good level of policing, addressing the issues which most affect its citizens and their quality of life. The vision, as represented by their Community Promise, is influenced by the views of those communities, as well as nationally agreed priorities, which take account of available resources and organisational capacity to deliver them.
9. The chief constable and the force executive provide effective and visible leadership based on clearly articulated strategic aims for policing in Dumfries and Galloway which are well understood throughout the force. A performance management culture is embedded throughout the organisation, supported by a comprehensive performance management framework which is well integrated with the force's service planning and delivery arrangements.
10. The force place a considerable emphasis on community engagement supported by a comprehensive community policing model and engagement strategy, tailored to the needs of their communities. This is underpinned by a culture of collaborative working at all levels of the organisation to address community needs through effective partnership working.
11. The audit and inspection team have taken into account that the Scottish police service is going through a period of major change following the Scottish Government's announcement of its plan to create a single Scottish police force in April 2013. We recognise that this is a significant challenge for the force in terms of maintaining service delivery, at the same time preparing for re-structuring. However it is imperative that the force work with the PFRC to sustain their level of challenge and scrutiny to ensure that police services remain effective, make the best use of the resources allocated to them and are accountable to local communities.

Part 1. Context

The local context

12. Dumfries and Galloway Constabulary is one of only two forces in Scotland where the force serves a single council area. Dumfries and Galloway is the smallest of the Scottish forces in terms of officer and staff numbers. It covers an area of 2,649 square miles and has an estimated population of 148,030, giving a population density of around 60 people per square mile compared with the Scottish average of 168.
13. The area is predominantly rural with people living mainly in small communities or in the countryside. The biggest town is Dumfries with an estimated population of 37,110 where the force and council headquarters are located. The other main towns are Stranraer with an estimated population of 10,600 and Annan with 8,240 people. The area has relatively low levels of deprivation compared to other forces however there are variations throughout the region.
14. The area has an extensive coastline and has the shortest crossing point between mainland Britain and Northern Ireland, making it a key strategic location. The recent relocation of ferry operations from Stranraer to Cairnryan and reductions in UK Border Agency staff has presented the force with a challenge in terms of resources, and altered the traffic infrastructure. Road policing is already a key area of business for the force. The area's road network includes the A75, Euro route 18, which is the main transport connection between Ireland and Continental Europe. The main west arterial route between Scotland and England, the A74(M), also runs through the force area.

Dumfries and Galloway Police Authority

15. As Dumfries and Galloway council is a unitary police authority, it carries out its police authority functions through a committee, as opposed to the joint board structure used by non-unitary police authorities. The council's PFRC has dual responsibility for both police and fire and rescue services. The council has delegated all of its police authority responsibilities to the PFRC, with the exception of the council's reserved powers for determining the force's annual revenue budget and capital programme.
16. The PFRC has four police subcommittees which deal with: police complaints; complaints against senior police officers; appointments and selection; and the performance, pay and development of senior officers.
17. The approach taken to setting police budget under a unitary police authority differs from that taken in a joint board. A joint board has powers to set the police budget and to requisition constituent councils accordingly for their share. In Dumfries and Galloway the chief constable presents the annual budget forecast to the PFRC, where, following consultation, an indicative budget is agreed. That budget proposal is then considered by the full council as the police

authority. The council have the ability to ratify or amend the proposal made in determining the budget to be allocated. In Dumfries and Galloway, the force budget is generally set at the notional grant aided expenditure level set by the government. However the police authority has made additional expenditure in supporting community policing, and in funding the force's voluntary redundancy scheme for example.

18. The gross expenditure of the police service in 2010/11 was £45.7 million. The authority received £23.6 million in government grants. After deducting non government grants and other income totalling £1.66 million, the net expenditure on the police service from Dumfries and Galloway Council's budget was £20.4 million. Police officer and police staff costs account for some 87 per cent of gross spend. The force operates a general reserve; this had a closing balance of £864,000 in 2010/11, which is an increase on the previous year due to underspend in the force budget. (An indicative reserves figure for 2011/12 is £1 million.)
19. The council has four area committees and a network of community councils is in place to engage local communities. Area committees and community council meetings are attended by local police officers and receive regular police performance reports. This allows a good level of engagement between elected members, police officers and members of the community.

Dumfries and Galloway Police Force

20. Dumfries and Galloway Constabulary covers the south-west of Scotland and is divided into two operational policing divisions (Exhibit 1). Galloway Division covers the west of the force area and is the larger geographically, encompassing the local authority areas of Stewartry and Wigtown. Dumfries Division which has the greater population and proportionally more staff, covers the east of the force area, encompassing the local authority areas of Annandale and Eskdale, and Nithsdale.
21. As at March 2012, the force has 511 police officers (full time equivalent), meeting the target set by Scottish Government, 226 police staff (FTE) and 121 special constables. It is the only force in Scotland to have recorded a reduction in police officer numbers since 2008/09 and has seen the largest reduction in police staff over the same period.
22. The force is led by the chief constable, supported by a senior management team which includes the deputy chief constable, chief superintendent, head of crime management services (superintendent), head of corporate services (superintendent), head of operational support services (chief inspector), Dumfries commander (superintendent) and Galloway commander (superintendent) and the asset and finance manager. The force is also represented at the council's CMT.

Exhibit 1

Map of Dumfries and Galloway Constabulary



Source: Audit Scotland

Part 2. Corporate assessment

Vision and strategic direction

Dumfries and Galloway Police Authority

Local partners, the force and elected members work constructively together and share a clear vision for policing. There is a good process in place for developing and updating the vision. The PFRC should ensure that it receives sufficient information to challenge progress against the vision as part of its overall reporting programme.

23. The force vision agreed and supported by the PFRC is set out in the Community Promise, (Exhibit 2) which has a clear message to 'provide a safe and secure environment for our community'. It expresses clearly the key areas on which the force will focus, such as community policing, levels of crime across the region, the way the roads network is policed and issues around the abuse of drugs and alcohol. Underpinning this promise is a commitment to deliver a professional and high standard of service to the people of Dumfries and Galloway.

Exhibit 2

Community Promise

Dumfries and Galloway Constabulary



OUR PROMISE

We will provide a safe and secure environment for our community

OUR AIM

We will maintain a focus on community policing and work with our partners to deliver a service that is efficient, effective and responsive to the needs of our community

OUR VALUES

To respect and protect the community
To be open, available and approachable to all
To listen, understand and work with the community

Our Priorities

Alcohol

Identify and reduce alcohol related incidents

Antisocial Behaviour

Tackle antisocial behaviour by working with the community and our partners

Crime

Work with the community and our partners to reduce crime

Drugs

Impact on the supply, misuse and availability of controlled drugs

Public Protection

Protect children and the most vulnerable members of our community

Roads Policing

Reduce the number of people killed or injured on our roads

Sound Governance

Provide a quality service which makes best use of resources and strives for continuous improvement

Terrorism

Disrupt terrorists and extremist networks



Force Strategy 2010 - 2013

0845 600 5701 local contact for your local police

www.dg.police.uk

Source: Dumfries and Galloway Constabulary

24. The council and its partners have clearly set policing and community safety as an over-arching priority. The public, elected members and partners are effectively engaged in setting the vision. The Community Promise is the force's public-facing vision statement. The single outcome agreement (SOA) and the community safety strategy include related partner activity and are consistent with the Community Promise. For example the SOA priority 'where people feel safe and respected in the community' includes the partners' response to road safety and domestic abuse. The alignment between these strategic objectives is strong, and is helped by the close working and positive relationships that exist between partners.
25. All elected members are informed of progress against the police vision through community planning reports, SOA progress reports and through wider committee reporting including area committees. The council Leader, is a member of the strategic partnership (the community planning partnership), and the PFRC convener chairs the community safety partnership. These links help to ensure that police objectives are consistent with the local priorities. The leaders of the various political groups also provide strategic direction as members of the council's budget development working group in agreeing the police budget.
26. PFRC members are consulted and engaged throughout the process of developing and reviewing the Community Promise. The PFRC approves the Community Promise, and scrutinises police performance on an on-going basis. However it does not consider specific progress reports against the Community Promise. The PFRC should ensure that it provides sufficient challenge over the extent to which the Community Promise is being delivered. This could be easily achieved by, for example, the PFRC formally scrutinising the force's quarterly performance reports and its annual report, which cover progress against the Community Promise.

Dumfries and Galloway Police

The chief constable and the force executive provide positive and effective leadership focused around the vision articulated in the Community Promise which underpins and links policing to community issues. This vision is informed by the views of, and in consultation with, local people, stakeholders, partners and senior managers within the force.

27. The chief constable and the force executive have provided visible and supportive leadership to the force during a period of uncertainty for staff, due to the threat of budget cuts, concerns over potential redundancies and police reform. They have driven the delivery of savings and managed change by keeping everyone informed and responding to their anxieties.
28. The force's vision and strategy is encapsulated in its Community Promise which outlines the aims and values of policing in the area. This vision fits into its strategic framework which provides a consistency in the message delivered both internally and externally. It is a simple and succinct statement of aims that is backed up by the force's Strategic Assessment¹,

¹ The Strategic Assessment examines the strategic (longer term) threats to the force in relation to policing and community issues. This document links in with the Force Performance Framework and recommends the policing priorities for the next 12 months through the setting of the Force Control Strategy and Intelligence Requirement.

Control Strategy² and the Single Outcome Agreement. The policing vision has a strong focus on continuous improvement and aims to improve on already good performance. It also incorporates both national and local priorities, with the emphasis varying by location across the region.

29. There is a good process in place for developing the Community Promise. This includes an annual health check to ensure that it remains relevant and fit for purpose. The process has been supported by consultation evenings, surveys of school pupils, sessions with elected members and dialogue with other service providers. Members of the PFRC, senior police officers and other strategic partners held a strategy day to inform the development of the vision. Elected members have welcomed the improved consultation process which has been in place since 2009.
30. There is a good level of awareness by all staff of the content and aims of the Community Promise and how it links into their day to day business. The priorities are considered reflective of local issues and their role in addressing these is clear, particularly those involved in community policing. Senior managers understand the connection to national priorities and the strategic focus of the council and other service providers.

Governance and accountability

Dumfries and Galloway Police Authority

The PFRC has put improvements in place which have strengthened management and governance processes. PFRC members are clear on their responsibilities and fulfill their roles effectively. The PFRC has taken efforts to improve the skills and capacity of its members, however, the uptake of training could be improved.

31. The 2009 Best Value audit of the council highlighted the need to improve the effectiveness of and strategic direction offered by the PFRC. The council took these improvement actions forward as part of its council-wide improvement programme. This included elected member development, and the use of alternating agendas at the PFRC to cover the police service and the fire and rescue service separately. This audit and inspection of the police authority and the force has found that many of these improvements are now well established and that sound processes are in place to support the governance of the PFRC.
32. The February 2012 Best Value audit of the fire and rescue service in Dumfries and Galloway³ also noted that the governance of the PFRC had improved since the 2009 Best Value audit. However it also noted scope for the committee to provide stronger strategic direction and challenge over the fire and rescue service. With regard to the committees role in policing, we

² The Control Strategy identifies the strategic policing priorities for the Force and sets out detailed intelligence, prevention and enforcement priorities.

³ Audit of Best Value: Dumfries & Galloway Fire and Rescue - Prepared for the Accounts Commission, February 2012.

found that the PFRC members are engaged in setting and approving the vision for policing, and that elected members provide regular scrutiny and challenge over police performance both at the PFRC and at area committees. However we also noted scope for the committee to provide stronger strategic direction over the use of resources, and greater scrutiny over value for money and the force's management of its identified risks.

33. In July 2008 the PFRC reduced its membership from 19 to 11 members. This has helped it to operate more effectively as a management board with a strong service focus, and to operate in a non-party political way. Responsibility for the community safety partnership, and aspects of environmental health were also removed from the PFRC, again helping to improve its focus on policing.
34. In 2010 the PFRC introduced separate police and fire meetings in place of those which considered both services together. This has made the agendas more manageable and has improved the PFRC's focus on each service.
35. The council's chief executive undertakes the role of clerk to the PFRC. The respective roles and responsibilities of the chief constable, PFRC convener, and clerk are clearly defined, and are also clearly set out in PFRC committee agendas. Each representative clearly understands and fulfils their respective role.
36. The PFRC is supported by the same governance controls that apply to all council committees. As such, the council's committee services team ensure that reports to the PFRC contain relevant information to support committee decisions; indicate what consultation has been undertaken; and highlight any risks.
37. The PFRC also has a performance reporting plan to help to ensure it meets its responsibilities. This sets out what key reports will be considered by the committee and their frequency. The PFRC has reduced the number of decisions referred to it for 'noting', and the committee is instead asked to ensure that reports address specific areas of interest. As the police authority, the council also undertakes an annual review of its schemes of delegation to ensure that they remain fit for purpose.
38. All elected members have personal development plans setting out their individual training and development needs. The PFRC has a forward programme of events and training, including visits to port and station facilities. The uptake of training has been low on occasions. The council should consider how it can improve training uptake, particularly for those less experienced elected members newly elected in the 2012 council elections.
39. The PFRC's has effective processes in place for overseeing the force's handling of complaints. The complaints subcommittee members receive special training to undertake their role and the committee does not allow substitutions of its members.

Dumfries and Galloway Police

The force has an effective working relationship with the PFRC and has encouraged a good level of challenge and scrutiny, building on lessons from other best value audits. Links to the council, via the CMT and strategic partnership, enables the force to engage with other service providers. Internal governance arrangements are strong with the Policy Group co-ordinating and linking force business and providing oversight to various work streams.

40. The chief constable has a positive, professional relationship with the convener and with the clerk to the PFRC, which effectively balances the need for challenge and accountability without compromising the principle of operational independence. Separately the chief constable has an effective working relationship with the chief executive of the council. The chief constable sees the benefit of the police working closely with other service providers to develop partnerships and identify areas of joint responsibility. He is represented at the council's CMT, and is a member of the strategic partnership. This supports communication and awareness between partners and provides opportunities for the chief constable to work with and influence other areas of business.
41. The force has supported efforts to increase the level of knowledge and encourage a greater degree of challenge amongst members of the PFRC to better equip them in their scrutiny of policing priorities and decision-making. Detailed briefings and training events have been part of this partnership approach which added value to the entire process.
42. The involvement of the force in area committees and community councils provides further opportunities for accountability and engagement. The force provides detailed performance information and addresses local issues directly. This can have the effect of reducing the likelihood of them being raised at the PFRC. However the involvement of elected members (and PFRC members) in the committees ensures an appropriate level of challenge and scrutiny at a local level.
43. Internal governance is led by the force's Policy Group which provides oversight and challenge to force projects and work streams, such as Workforce Transition, Continuous Improvement, Diversity, Performance and Carbon Management. All senior managers attend together with unions and staff associations. Any member of staff may attend as an observer and there is a standing invitation to members of the PFRC.
44. The Policy Group provides an open account of its decision-making and the minutes reflect all options considered and agreed outcomes. These are well communicated across the force via briefings and force intranet, providing a good level of transparency from senior management. This has ensured that staff have been kept informed of issues such as workforce modernisation, redundancy, police reform and budget reductions.
45. The force does not have a single overarching workforce plan, however the principles of continuous improvement have underpinned the role of the Workforce Transition Team, which the force established to undertake a remodelling exercise considering efficiency and cost

savings against the potential impact on service delivery. This has considered various strands of budget savings and cost reduction. It has examined any area where working practices could improve and better value for money be achieved. This has meant some fairly low level issues were included, however this has engendered awareness amongst staff of the need to reduce spending. Governance has been via a programme board chaired by the chief constable to provide leadership and tackle some sensitive issues, particularly around redundancy and station closures. The role of the PFRC and council has been crucial to supporting this process, in particular relating to the Voluntary Redundancy Scheme and budget rationalisation.

46. The force has made good progress in developing the scrutiny, management and handling of complaints against police. Complaints are reported annually to the PFRC and quarterly to the complaints sub-committee, these consider numbers, patterns, themes and outcomes from complaint handling reviews. Internally the force's devolved approach to dealing with and investigating complaints seems to bring benefits in terms of raising the profile and awareness of complaints issues. That said, they have little capacity to be proactive, relying instead on the premise that 'because in a small force everyone knows each other', they would have to bring in specialist resources from other forces to deal with any significant issues and appropriate arrangements are in place.

Community engagement

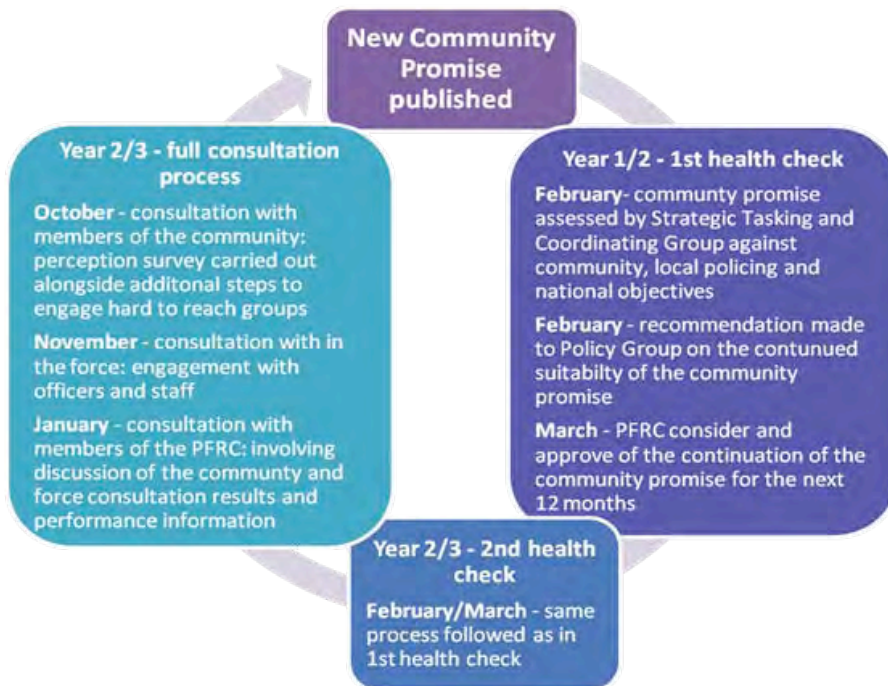
Dumfries and Galloway Police Authority

PFRC members, and elected members in general, have a good level of engagement with the public and with the police service through area committees and community councils. PFRC members have a good understanding of local policing issues and are engaged in setting the policing vision. Changes to area working arrangements in 2011 reduced the level of contact between the public and the force, however measures have since been put in place to redress this.

47. Elected members have a good level of contact with the public and this is supported by the council's area committee and community council network. PFRC members are engaged in setting the vision for policing as set out in the Community Promise. The PFRC formally approves the Community Promise, and the public, elected members, police officers and staff are consulted over the local policing priorities as part of this process (Exhibit 3).
48. PFRC members have a good understanding of local policing issues. The PFRC receives regular police service response and customer satisfaction reports through police performance reporting. This reflects the strong emphasis the force places on engaging with the community and with people who have contacted the police service.
49. The relationships between elected members and police officers are strong, and police officers regularly attend area committee and community council meetings. Area committee members and local police representatives also hold regular briefings at police stations to help inform elected members of local policing issues.

Exhibit 3

Community promise health check process



Source: Dumfries and Galloway Police Authority/Audit Scotland

50. Before changes to the area committee reporting arrangements in 2011 the police service reported monthly to area committees, including taking questions directly from the public and elected members. This arrangement worked well and the force valued this degree of challenge and involvement over its community policing activities.
51. Under the revised area reporting arrangements the council introduced reporting across all service areas including education and social work, with each area reporting twice yearly. While this was seen to be a consistent approach across services, it significantly reduced the frequency of police reporting to area committees.
52. Consequently the force implemented further changes in September 2011 to help reinstate the level of scrutiny and engagement from the area committees. The force now submits performance reports to area committees every two months, along with holding briefing sessions with members every three months. The police still regularly attend community council meetings to discuss local community issues, as well as wider policing issues directly with the public.

Dumfries and Galloway Police

Community engagement is an area of strength for Dumfries and Galloway Constabulary. The force approach to community policing is well regarded and supported by key stakeholders and partners. The force operates a comprehensive community policing model and engagement strategy, tailored to the particular needs of their communities.

53. Through the development of the Community Promise and its commitment to engaging directly with the community via community councils, area committees and elected members, the force has developed its priorities to reflect public concerns. This is reinforced through public satisfaction surveys and feedback from victims of crime.
54. A commitment by the force to a community policing ethos is central to the success of their approach. Community officers attend most community council meetings and deal with local issues. Any matter which requires further action or affects a wider area is reported to the Area Inspector, who in turn attend area committee meetings and brief elected members on a quarterly basis, highlighting performance and responding to concerns. Any urgent or force wide issue is reported to the daily tasking meeting and resources are allocated accordingly. Their approach would benefit from some benchmarking against another successful community policing model elsewhere, such as Lothian and Borders.
55. This level of engagement provides an openness and accessibility for the public to highlight concerns either directly or via their elected representatives. This is further developed through the force involvement in the Community Safety Partnership and its contribution to delivering and shaping the Single Outcome Agreement.
56. We found strong evidence throughout all levels in the force of a genuine commitment to community engagement and working with partners to achieve positive outcomes to community concerns.
57. The force has committed resources to meet the requirements of the Curriculum for Excellence Strategy, which provides schools and all key partners with a clear focus and purpose; to ensure the delivery of a corporate, planned and consistent message to every child and young person within the area. As part of the force's commitment to a policy of prevention and early intervention, it has undertaken to work in partnership with all primary and secondary schools and with other agencies to assist in the delivery of presentations and activities in four priority areas:
 - Substance abuse
 - Antisocial behaviour
 - Road safety
 - Personal safety

Partnership working and community leadership

Dumfries and Galloway Police Authority

The PFRC has a good understanding of the partnership working that takes place through links with the community planning partnership and area committees. Elected members are engaged in setting the local priorities with partners.

58. Relationships between the PFRC, the council, the force and its partners including health, education and social work are good and partners work closely and constructively together. The chief constable, the PFRC convener and the council's chief executive, who is also clerk to the PFRC, have developed a close working relationship within the unitary police authority. Partnership working further benefits from the key public sector agencies in the area sharing common boundaries. The strategic partnership was consulted over the Community Promise which helps to ensure that policing priorities are consistent with local priorities set out in the SOA.
59. The chief constable is a member of the strategic partnership, and he and other force representatives take an active role in community planning. The force is also represented on the council's CMT, this provides a useful forum for partnership working.
60. Elected members and the strategic partnership representatives are kept informed of partnership activity through a range of mechanisms, for example:
 - elected members are aware of the strong partnership working that exists through their role in area committees, community councils, and through the various community planning groups
 - the PRFC convener is also the chair of the community safety partnership and this ensures that both forums have oversight of common issues; and
 - relevant issues from the strategic partnership are reported to the PFRC by the chief constable, chief executive or members of the community planning team.

Dumfries and Galloway Police

The force works effectively with a range of partners with a view to enhancing community wellbeing and delivering an efficient service, responsive to the needs of the community.

61. The force engages at chief officer level through the strategic partnership and at strategic and tactical level through the Chief Officers Group, which meets to discuss community planning issues affecting all areas of business. This benefits each partner by providing a structure which is not reliant on personalities and working relationship by clearly outlining the respective roles and responsibilities. This is linked to the developing SOA process both within the force and as a partner in the Community Planning Structure. This will continue to be a significant demand, but is considered by the force to represent an opportunity to drive forward service delivery and enhance community wellbeing.

62. The force has a culture of collaborative working with partners at all levels of the organisation. We found evidence of strong local engagement with elected members, with good information-sharing protocols in place to support work with the council and other service providers. Divisional officers and partner agencies were able to provide numerous examples of effective partnership working in the areas of community safety, youth justice, domestic abuse, drugs and alcohol and public protection.
63. An example of partnership working improving force performance has been its involvement in diversion schemes for young people. Since March 2010, processes for dealing with youth offending have been developed with the introduction of Early and Effective Intervention (EEI). The partnership involves police, social services and the Crown Office Procurator Fiscal Service (COPFS) and has given the police access to a broader range of options which can be tailored to the young person's individual needs. These are:-
- Restorative Justice Warning
 - Formal Police Warning
 - Referral to Multi-Agency Case Progression Group
 - Referral to Children's Reporter
64. Evaluation of the scheme by the Scottish Centre for Crime and Justice Research in July 2011 acknowledged the positive part the EEI had played in the area's Youth Justice Strategy and the impact it was having on youth offending.

Performance management and improvement

Dumfries and Galloway Police Authority

The PFRC provides systematic scrutiny of police performance. There is scope for it to provide stronger scrutiny and challenge over how the force manages risks, improvement and demonstrates value for money. There is scope for public reporting to be further developed to provide more contextual and comparative performance information.

65. The PFRC receives regular performance reports, including thematic reports and self-evaluations. Police performance reporting conforms to the SPPF, covering crime statistics as well as corporate management information such as sickness absence and call response times. Area committees also receive this performance information broken down by local area. Financial reporting is regular and includes budget expenditure, capital expenditure, and efficiencies.
66. While the PFRC receives performance and budget information, it does not receive information on the costs of policing activities to allow it to judge value for money. This situation is common across police authorities and the police service is developing its national approach to monitoring the costs of policing activities.
67. There is a perception both among PFRC members and representatives from the force that the level of challenge and scrutiny from the committee has improved. We confirmed this through our observations of PFRC meetings and noted that the PFRC picks up on

performance issues and seeks further assurance and clarification from the force where required.

68. This improved level of scrutiny has been assisted to some extent by training opportunities, seminars and events such as visits to police stations and facilities. The council should continue its efforts to improve the capacity of all members to scrutinise, particularly in view of potential changes to the committee membership following the May 2012 local government election.
69. The PFRC receives regular reports from the force on its improvement and efficiency activity. While the PFRC has oversight of this activity it has not provided a strong degree of challenge in this area.
70. The PFRC has considered the force's strategic risk register, but has not taken an active role in challenging how the force manages risk. The risk register was first reported to the September 2010 PFRC meeting. There was then a gap of 14 months before the updated risk register was reported. It is important that the committee is aware of emerging risks on an on-going basis and it should put in place measures to allow this.
71. Public performance reports for police services are readily available on the force's website and are informative and easily understood. However there is scope for the PFRC to review public reporting to ensure that it provides more contextual and comparative information.

Dumfries and Galloway Police

The force has a strong performance culture that is embedded throughout the organisation and actively championed as a means of achieving improvement by its senior managers. Its performance management framework is comprehensive and integrated with service planning and delivery, and it regularly monitors and reports on its performance against its own and relevant partnership plans. Recent enhancements have seen the force's performance reports to the PFRC now containing more balanced and comparative information, although gaps around cost data remain.

72. From the force's Policy Group and strategic tasking and co-ordination group through its Resource and Business Continuity (RABC) meetings, tactical tasking and coordination process and local area inspectors to individual officers and staff, everyone working in Dumfries and Galloway Constabulary is expected to play their part in managing performance, whether that be their own personal workload or reviewing the performance of others or of the force. For example, senior officers are nominated as leads for each of the control strategy priorities which are then monitored regularly, while individual officers and supervisors are able to oversee workloads through the IMAGE⁴ system.

4 IMAGE is an incident recording system developed for use throughout Dumfries and Galloway Constabulary and provides a means where incidents can be recorded at any location within the Force area. IMAGE stands for Incident Management And General Enquiry.

73. Nevertheless, the focus is very much on working constructively towards the outcomes the public wants the force to achieve as opposed to relying solely on performance indicators per se. This ethos is supported by a commitment to understanding the views of its service users, through its quarterly user surveys, and of the wider population by way of local consultation through local area committees, force conference days and other surveys. Performance information is widely disseminated, through a range of tailored reports produced to various timescales and formats and intended to report on performance on, among other things:
- core aspects of policing
 - the Scottish Policing Performance Framework
 - progress against the force's Community Promise, Control Strategy and Single Outcome Agreement priorities, and more directly
 - to prompt immediate remedial action.
74. The performance report to the PFRC has recently undergone some content changes in response to desires expressed by both the force and the committee for further information. These changes include more contextual commentary, further comparative performance information and additional statistical analyses. Nevertheless, there remains little discussion in this or other performance reports on the cost-effectiveness of the force's activities.

Use of resources

Dumfries and Galloway Police Authority

The police authority and the force work constructively together in managing police finances. The PFRC regularly scrutinises the force's annual budget expenditure including its workforce costs, efficiency savings, and capital programme expenditure. It has not however provided strong strategic direction over the way resources are planned over the longer term.

75. The PFRC closely monitors the force's finances and receives regular revenue and capital budget reports. It also receives ad-hoc reports on the force's efficiency savings. It has not however provided this level of strategic direction over the way resources are planned over the longer term. The force does not have a financial strategy, and the PFRC has not requested financial and resource plans from the force. The PFRC has not therefore provided strong strategic direction over the way resources have been planned over the longer term.
76. The PFRC will now need to consider how it can provide strategic direction in the transition to a single national force. This will include clarifying the assets and liabilities involved, the implications of contractual agreements, and the responsibilities of the parties concerned.
77. The council's chief financial officer works closely and constructively with the force. For example, he assisted the force in securing council financing of the force's voluntary redundancy programme in 2010, helping to reduce the impact on the police budget. The force's financial reports to the PFRC also use the standard council format which makes them easily understandable to committee members.

78. In March 2010, the PFRC, the force, the fire and rescue service and the council established a member-officer working group to identify further areas for sharing services between these organisations. However this group only met twice and at its second meeting in March 2011 it decided that, given the reform agenda, it would not be suitable to invest funds in exploring larger-scale or more complex options.
79. Reporting of the force's strategic use of its property, vehicle and other assets is limited. The PFRC receives ad-hoc reports on issues and initiatives, but the force's asset management strategy has not been reported to the PFRC. There is therefore limited challenge from the PFRC over how the force uses its assets.
80. The force has operated without a workforce strategy to set out its workforce needs in the medium term. Such a plan would have strengthened the force's understanding of any skills gaps and other pressure points in advance of its voluntary redundancy programme. However the force handled the exercise well and the PFRC was satisfied that it managed the impact on policing services and engaged employees and trades unions effectively throughout the process.

Dumfries and Galloway Police

Through the Workforce Transition Team and RABC meetings, the force manages its resources and identifies opportunities to reduce cost and maintain its effectiveness. The force has sustained police officer numbers and reduced police staff, whilst continuing to consider these competing challenges to achieve a balanced workforce and manage the transition towards a single force structure.

81. The force operates without a formal workforce plan, however the work undertaken by the Workforce Transition Team (WTT), has put in place methods of addressing the need for budget reductions and workforce remodelling. The terms of reference for 2011/12 were:
- Identify how we manage budget reductions with minimum impact on service delivery recognising our commitment to the SOA and Community Promise.
 - Reduce organisational expenditure, recognising 87 per cent of the force budget is used for staff.
 - Ensure that all reasonable steps are taken to minimise the reduction in staff numbers through meaningful consultation with our staff associations as required by legislation and in compliance with recognised best practice
 - Identify those activities which would have least adverse impact should that activity cease
 - Identify opportunities to remodel our service delivery to optimise efficiency and effectiveness within the constraints of our budgets
 - To promote a shared and devolved responsibility to identify efficiencies
82. The force was aware of the increasingly challenging financial environment and realised £1,909,000 as part of the efficient government savings in 2010/11. The WTT was actively involved in the voluntary redundancy scheme to support this process resulting in 29 police

staff leaving the force in 2010/11, producing actual savings of £650,000 in 2011/12. A reduced scheme was revisited in December 2011 resulting in a further three members of staff leaving. The work of the WTT is helping the force prepare for the transition towards a single force structure.

83. The RABC meeting assesses on a weekly basis operational demand and resourcing issues. Its remit is 'to provide a forum at which tactical managers can address resource and business continuity needs to ensure best use of finance, equipment and staff available to meet service demands'. This forum actively and effectively manages resources, considers and monitors the impact of policy decisions, financial challenges or workforce change on service delivery.
84. The force does not have a long term financial strategy which would have enabled more involvement of the PFRC in outlining its priorities in planning and use of resources. The force do however regularly submit revenue and capital budget reports to the committee which do allow a level of challenge and scrutiny. The entire voluntary redundancy process was done in conjunction with the committee and the council was closely involved in the financial settlement. The force has had its draft capital budget paper for 2012/13 discussed by the PFRC at its meeting on 24/01/12. The recommendations were agreed to take forward for final approval in March 2012. A medium term financial strategy is currently being considered by the force prior to submission to the PFRC, this will outline plans for the transition period to a single force.
85. The force engage the PFRC in the budget setting process on an annual basis and work closely with the council's chief finance officer in the presentation and content of reports. The planning cycle starts in October with a provisional budget agreed at Policy Group for submission to the PFRC in January. Full council have an opportunity to consider the content and how it links to other service users. Following consideration and challenge by elected members the final version is approved in March.
86. The force identified that the current HR strategy needed to be reviewed, however, with financial pressures and workforce transition, this was not addressed until recently. A new HR strategy which better reflects the needs of the organisation has been drawn up and was submitted to the January 2012 Policy Group where it was approved for further development.
87. The force developed an Asset Management Strategy & Plan for the period 2009 to 2014. Whilst this offered a comprehensive strategy at that time, it is unclear what, if any, changes or updates have been done and the force accepts that the plan needs to be updated. Progress against this plan has not been reported to the PFRC, reducing the opportunity for challenge. However capital priorities are agreed and monitored through the annual capital plan and individual projects have been submitted to the PFRC and approved as they arise. There is no fixed asset register, all assets are owned by council.
88. In August 2011, the force had the business case for the refurbishment of Castle Douglas Police Station approved by the PFRC. This originally formed part of the Asset Management Strategy and Capital Investment Programme for the years 2009-2014 which identified the

need for a new police station at Castle Douglas as a priority. A proposal was prepared to build a new facility at the former health centre site, however following a decision of the council's Corporate Policy Committee this was not deemed a priority and funding was not approved. The subsequent plan for refurbishing the existing facility then became the most viable option. Throughout the entire project the involvement of the PFRC and council have helped to balance the risks to the force against the need for prioritisation of capital projects, before the latest plan has been accepted. Consideration of the future needs of the police estate in the area have been factored into the decision-making process. The force would benefit from updating its Asset Management Strategy to outline its intentions during the transition towards a single force.

Equalities

Dumfries and Galloway Police Authority

The PFRC provides limited oversight of the force's progress with equal opportunities and diversity, and it has not met its own commitment to monitor the force's progress in this area.

89. The PFRC does not systematically monitor the force's progress with equalities and diversity, and does not provide strong challenge or direction in this area. The force's single equality scheme was established in December 2009, and has been monitored and managed through the force's Policy Group. The PFRC's forward reporting programme includes the commitment to review the equality plans, however progress with the force's equalities scheme has not been reported to the PFRC. The PFRC and the force have indicated that, once the new Public Sector Equality Duties come into effect in May 2012, reports on equality and diversity issues will be progressed and considered by the PFRC.
90. While specific reports on equalities and diversity have not been considered by the PFRC, all reports to the committee are subject to an impact assessment. This encourages reports to highlight any impact on communities or particular groups. Elected members have received briefings through the council on equality and diversity including legislative requirements.
91. The council as police authority, the force, and its partners have worked constructively together in managing aspects of equalities and diversity. This includes identifying disability access grant funding for the refurbishment of Castle Douglas police station, and the joint use of equalities advice and support between the force, the NHS, and the council. The Community Promise consultation events included representatives from minority and harder to reach groups. The force also works jointly with the council, the voluntary sector and other partners in a range of initiatives to engage minority groups.
92. The PFRC should ensure that it has sufficient oversight of the force's equalities and diversity activities and demonstrate its progress and impact in this area.

Dumfries and Galloway Police

The force demonstrates a good awareness of equalities and diversity issues. Despite some challenges around the availability of its diversity officer, it has taken positive steps to meet its obligations and provide a good level of service to its staff. Externally the force is a prominent partner in domestic abuse, public protection, youth justice and drugs and alcohol forums.

93. The force has faced some challenges around the provision of a diversity officer to support staff and ad hoc arrangements have been in place since June 2010. It is acknowledged that some of the issues were unavoidable and the force did provide some cover via community planning partners. The force has recently advertised for and appointed a person to this post, which has addressed the gap and shown that despite the need for fiscal prudence, it is prepared to act to address an issue which was clearly a vulnerability for them.
94. The force has a Force Diversity Strategy Forum which has highlighted the risks associated with a lack of diversity officer. This addressed perceptions internally and externally regarding the force's commitment to promoting diversity, dignity, respect and equality.
95. Diversity awareness was found to be well embedded in operational policing, with police managers citing the use of equality impact assessments. No concerns were raised by staff regarding support or availability of advice for equalities or diversity matters.
96. The force has an active Single Equality Scheme, covering the period 2009-2012, which has been supported by yearly action plans. A diversity risk matrix is linked to the action plan, outlining risk against likelihood.

Sustainability

Dumfries and Galloway Police Authority

The PFRC has oversight of the force's sustainable development activities, although the PFRC has not identified sustainability as a formal part of its reporting programme.

97. The PFRC's forward reporting plan does not specifically include sustainability, however the force reports relevant information to the committee. The force's Carbon Management Plan was reported to the PFRC in May 2011, with a commitment to provide the PFRC with an annual progress report.
98. PFRC members are also made aware of the force's sustainability activity through its reporting of efficiencies and initiatives. This includes energy efficiency measures in buildings, and the conversion of the force's vehicle fleet to diesel.

Dumfries and Galloway Police

The force has actively encouraged staff to consider energy and efficiency savings as part of its approach to business planning. There has been good recent progress made in developing an approach to sustainability, particularly in relation to carbon management and sustainable procurement.

99. The force's Carbon Management Plan is a comprehensive account of its plans to reduce its carbon footprint through a reduction in CO2 emissions and an ambitious programme of improvement and change projects. The accompanying action plan sets out those areas where both carbon and cost savings could be realised. Set against a baseline assessment of 2009/10 figures this will demonstrate year on year performance.
100. The Continuous Improvement Group supports other forums like the Carbon Management Group, the Force ICT User Group and the Fleet User Group which all focus on delivering tangible and measurable outcomes. The Fleet User Group has overseen the introduction of a diesel fleet resulting in fuel savings and the Force ICT User Group has instigated the introduction of Multi Function Devices to phase out expensive desk top printing. All utility bills are examined on a quarterly basis to consider any areas of concern or obvious overuse. Staff are encouraged via the 'Make the Difference' staff suggestion scheme to contribute ideas for cost and energy savings.
101. The force has an extensive Business Continuity Plan framework which promotes a maintenance and review approach with the aim of keeping the individual plans current and fit for purpose. The delegation of responsibility to specified staff members helps to ensure that each station, department and role are covered.

Part 3. Dumfries and Galloway Police performance assessment

Performance outcomes

The force continues to perform strongly on most assessment measures, in terms of both improvements over time and in comparison with other Scottish forces. Typically it exhibits some of the lowest crime rates in Scotland and higher than average detection rates. It also regularly enjoys high rates of user satisfaction on most aspects of the community's interaction with the force.

102. A more detailed description of its performance follows, set out according to the four headings of the SPPF, but with specific reference to the force's priorities under its Community Promise. To provide a longer term perspective this considers performance data covering the last four financial years, from 2007-08 to 2010-11. Where available and relevant, more recent data from April to September 2011, has been included to provide additional context.

Service response

103. The force performs well on most of the indicators under this heading. For example, it commonly enjoys one of the highest proportions of 999 calls answered within ten seconds, 98.2 per cent at September 2011 against a Scottish average of 94.6 per cent and of non-emergency response telephone calls answered within 40 seconds, 94.5 per cent against a Scottish average of 91.9 per cent in the period.
104. The force monitors user satisfaction with initial contact and overall contact with the police to assess performance against the priorities of its Community Promise. In these cases, 2010-11 saw the percentage of satisfied respondents rise year on year, to stand at 95.3 per cent, 89.2 per cent respectively. Moreover, since introducing its standards of service for members of the public contacting the force about a crime it has also seen the highest percentage of users agreeing that they were kept adequately informed about the progress of their case. (Exhibit 4)

Exhibit 4

Good practice example – force standards of service

The force emphasis on keeping victims of crime informed about their case supports the aims of their Community Promise.

When a person is a victim of a crime they receive a leaflet which sets out what the victim can expect in terms of being kept updated:

- within 12 days to advise them of how the case is progressing
- within 28 days and given a final update; and/or
- if a person is charged with the crime or offence the victim will be contacted as soon as possible.

This also explains what service the victim can expect once a person has been charged and a report goes to the criminal justice agency.

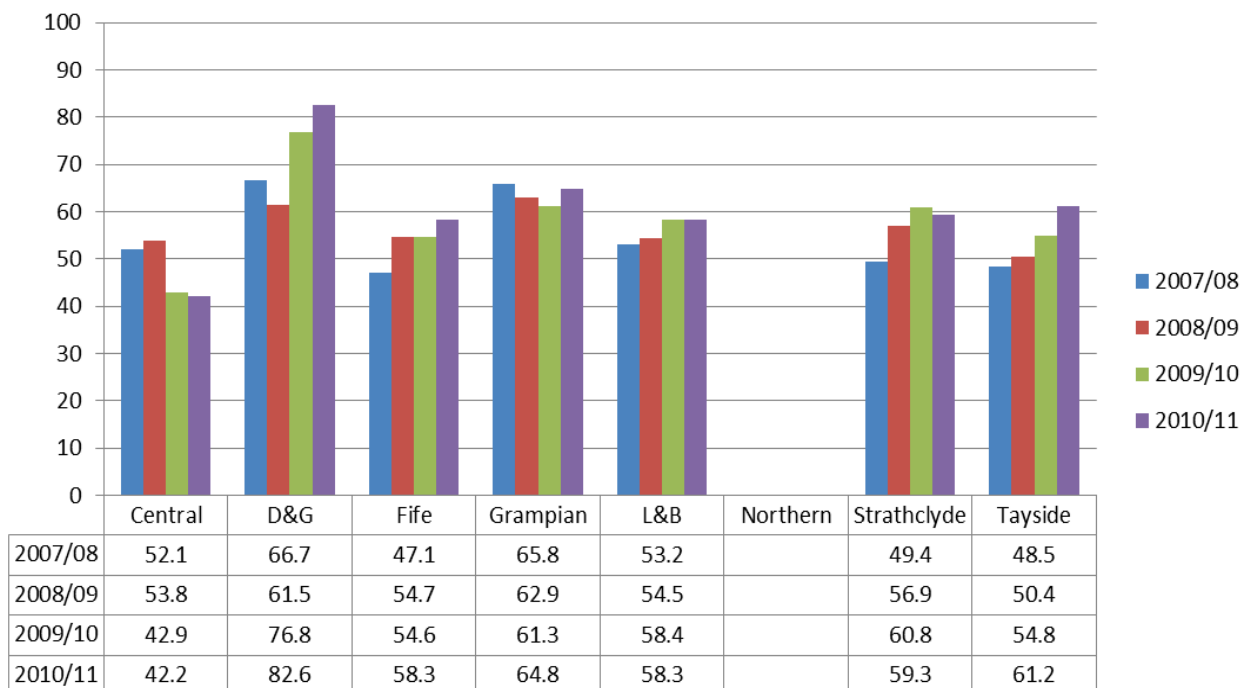
The 12 and 28 day updates are triggered via the force IMAGE system prompting enquiry officers to ensure that contact has been made with the victim. Supervisors check this is done and regular station audits from the performance manager ensure compliance.

User satisfaction surveys further strengthen this approach by including a specific question confirming knowledge of the process and assessing the level of service received.

Source: HMICS/Audit Scotland

Exhibit 5

Force user satisfaction surveys: percentage “kept adequately informed”



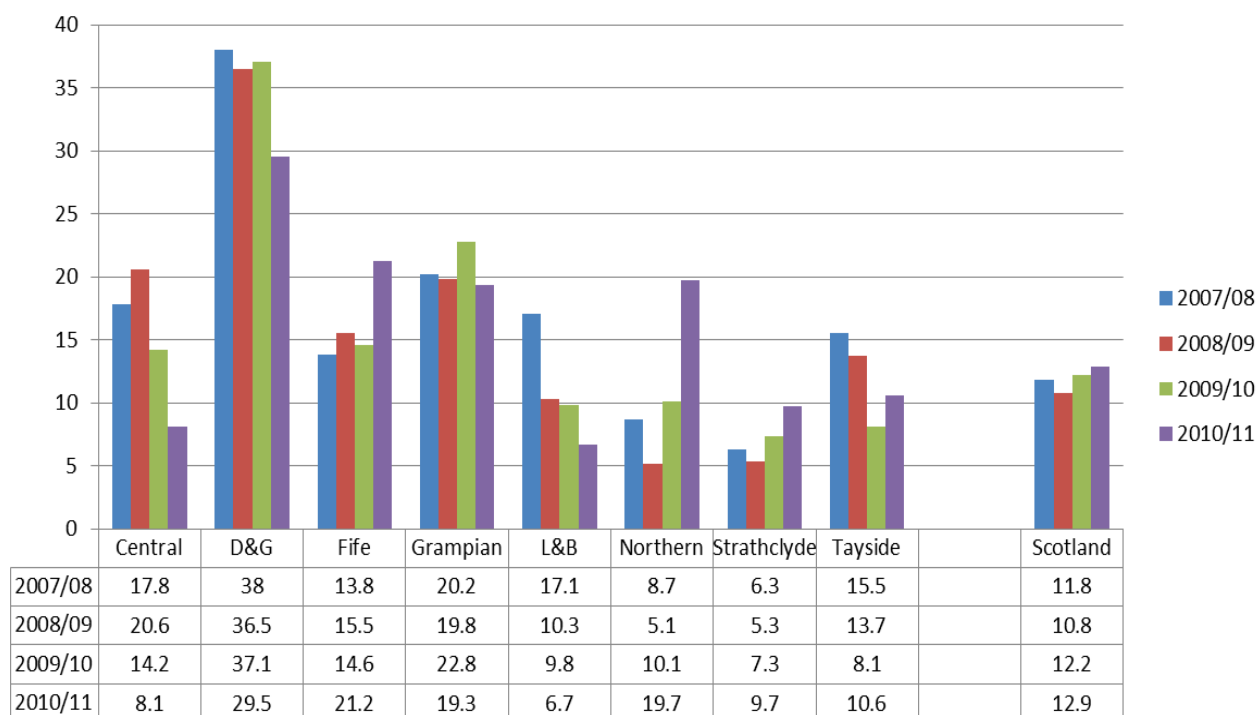
Source: Scottish Government, SPPF 2010/11

Complaints

- 105.** In 2010-11 the total number of complaint cases received by the force declined for the second successive year to stand at 10.9 per 10,000 population. The latest figures available⁵ suggest that this downward trend is continuing. Nevertheless, the rate remains above the Scottish average of 8.3 per 10,000 population. This is mainly down to the relatively high number of quality of service complaints (Exhibit 5), as opposed to allegations about the conduct of the force's officers, staff or special constables received from members of the public.

Exhibit 6

Percentage of complaint allegations received concerning quality of service



Source: PCCS

- 106.** Like most other forces, the majority of service quality complaints are now to do with aspects of its service delivery, most of which in turn are resolved informally by explanation to the complainant. The force explains current trends in its complaints as reflecting their close links with the community and the robustness of their recording processes. It also receives a significant proportion of its complaints, about a fifth, from people outside the force area related primarily to road policing issues.

Public reassurance and community safety

- 107.** The overall picture is largely positive, with low rates of crime per 10,000 population and high rates of detection characteristic of the force's performance. Compared to other Scottish forces it typically has the lowest recorded crime rates for groups 1 to 4 combined and for

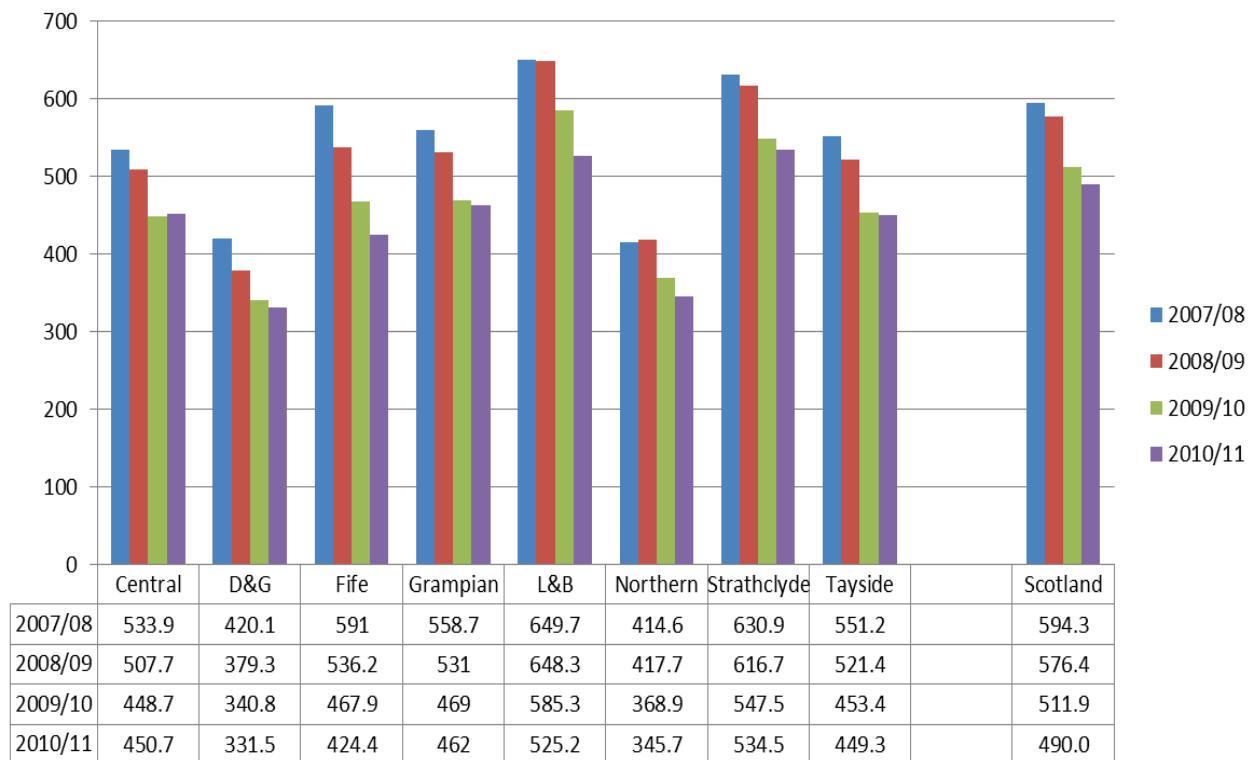
⁵ ACPOS: Scottish Policing Performance Framework – quarter 2 (April to September) report.

groups 1 to 3 separately. The most up-to-date data (to September 2011) confirm this trend, despite the force recording some small year-on-year rises in the year 2010-11. The force also commonly enjoys the highest detection rates for crimes of indecency (group 3) and crimes of fire-raising, malicious and reckless conduct (group 4) and higher than average rates for all other crime and offences groups.

108. The force has seen successive annual declines over the last three years in groups 1 to 4 combined. In keeping with the trend for Scotland as a whole, reductions in group 4 crimes of fire-raising and vandalism in particular have contributed to the force's consistent downward trajectory. Compared with other forces it also has a considerably lower rate of crimes of violence (group 1), 8.5 compared to 21.9 per 10,000 population and sexual offences (group 2), 6.2 compared to 12.5 per 10,000 population nationally.

Exhibit 7

Total crime (groups 1-4) per 10,000 population

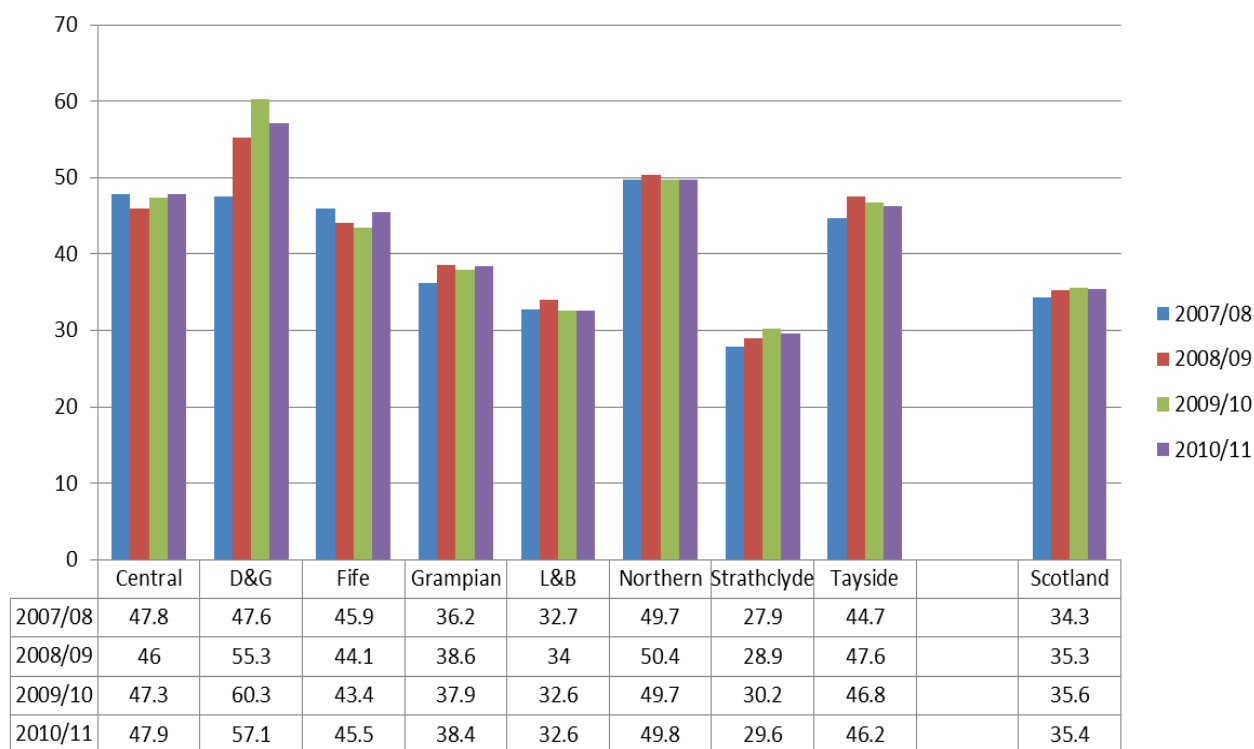


Source: Scottish Government, SPPF 2010/11

109. Despite a slight decrease, the force's detection rate for groups 1 to 4 combined continues to compare favourably with that for other forces and Scotland as a whole. Over the last three years it has exhibited the highest rate for both groups 3 and 4. However, the largest increase has been in group 1, where its rate has risen over 11 percentage points since 2007-08 to stand at 95.3 per cent in 2010-11. It also has higher than average detection rates for anti-social behaviour crimes and offences.

Exhibit 8

Group 1-4 crimes – detection rate



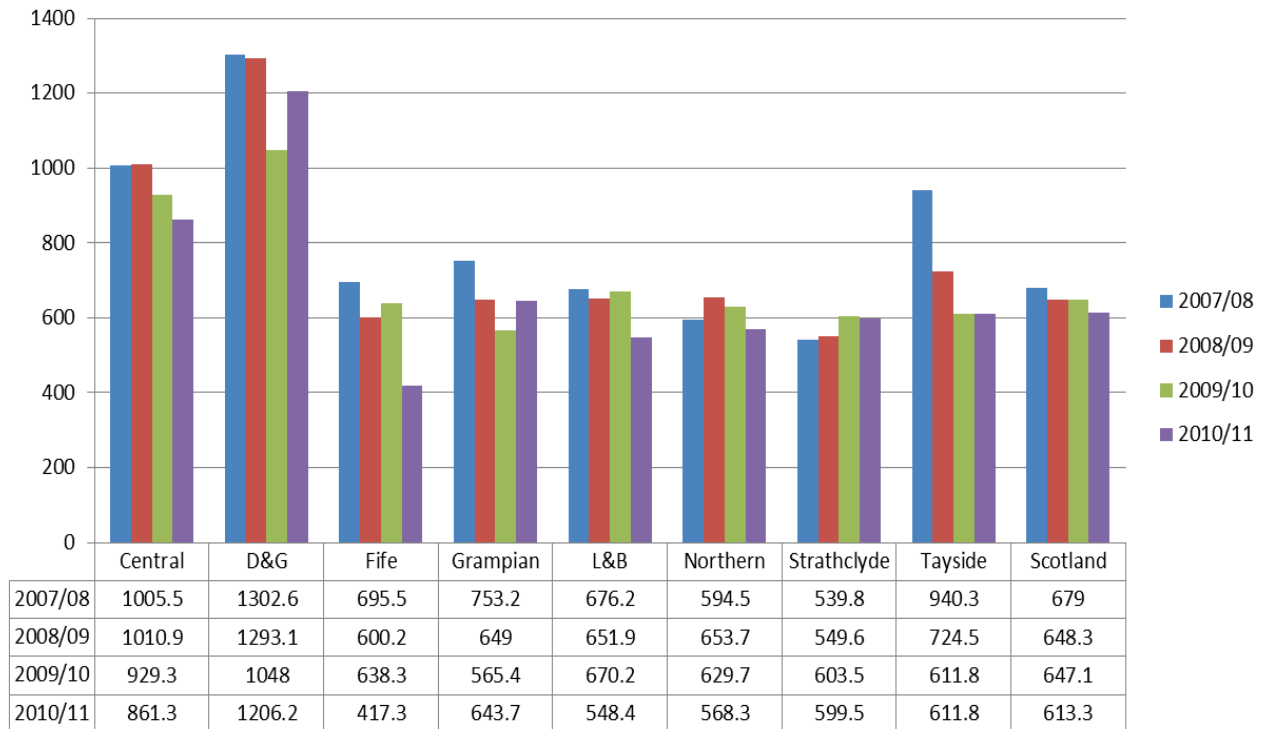
Source: Scottish Government, SPPF 2010/11

Road safety

110. The force and its partner agencies continue to promote road safety and encourage safe driving, reflecting community concerns. Proactive enforcement measures to reduce casualties remain a priority and a number of indicators are monitored in relation to vehicle collisions as well as driving offences. Reflecting this approach, the force regularly achieves higher rates per 10,000 population of vehicle offences (group 7) than those of any other force. Indeed it does so by some margin, commonly sitting at around double the rate of the Scottish average. In addition, rates per million vehicle kilometres of persons killed or injured on the roads including serious and slight injuries, children and adults, have all experienced long-term reductions to bring Dumfries and Galloway below the Scottish average. Although more recent figures are showing a rise in killed and serious injuries in the first half of 2011-12, it is too early to anticipate what effect this may have on the final figure for the current year.

Exhibit 9

Group 7 offences per 10,000 population



Source: Scottish Government, SPPF 2010/11

Antisocial behaviour

- 111. The force identified antisocial behaviour as a force priority in its community promise. Compared with other Scottish forces Dumfries and Galloway has one of the lowest and falling rates of recorded antisocial crimes and offences per 10,000 population. Incidents of disregard for community or personal wellbeing, environmental damage and the misuse of public space all contribute to this downward trend. While acts directed at people have seen a slight increase in 2010-11, the force continues to have one of the lowest rates of crimes and offences in this category, 7.8 compared to 18.3 per 10,000 population for Scotland.
- 112. Linked to this priority is youth crime. For the past three years the force has had one of the highest proportions in Scotland of crimes committed by youths aged between eight and 17 years. In 2010-11 they accounted for 16.5 per cent of its group 1 to 6 crimes, against a Scottish average of 10.2 per cent. Nevertheless this proportion marks a decrease since 2008-09 when it stood at 19.8 per cent. In addition, compared with 2009-10 the force saw a 13 per cent fall in the number of group 6 crimes and a 4.9 per cent drop in group 4 crimes committed by young people, while figures up to September 2011 show further drops in the overall number of crimes committed by youths. Conversely, though it must be borne in mind that relatively small numbers are involved, group 1 crimes have more than doubled since 2009-10 (from 11 to 28). It is acknowledged that a great deal of partnership working between the force and local partner agencies has been directed at young people, to good effect.

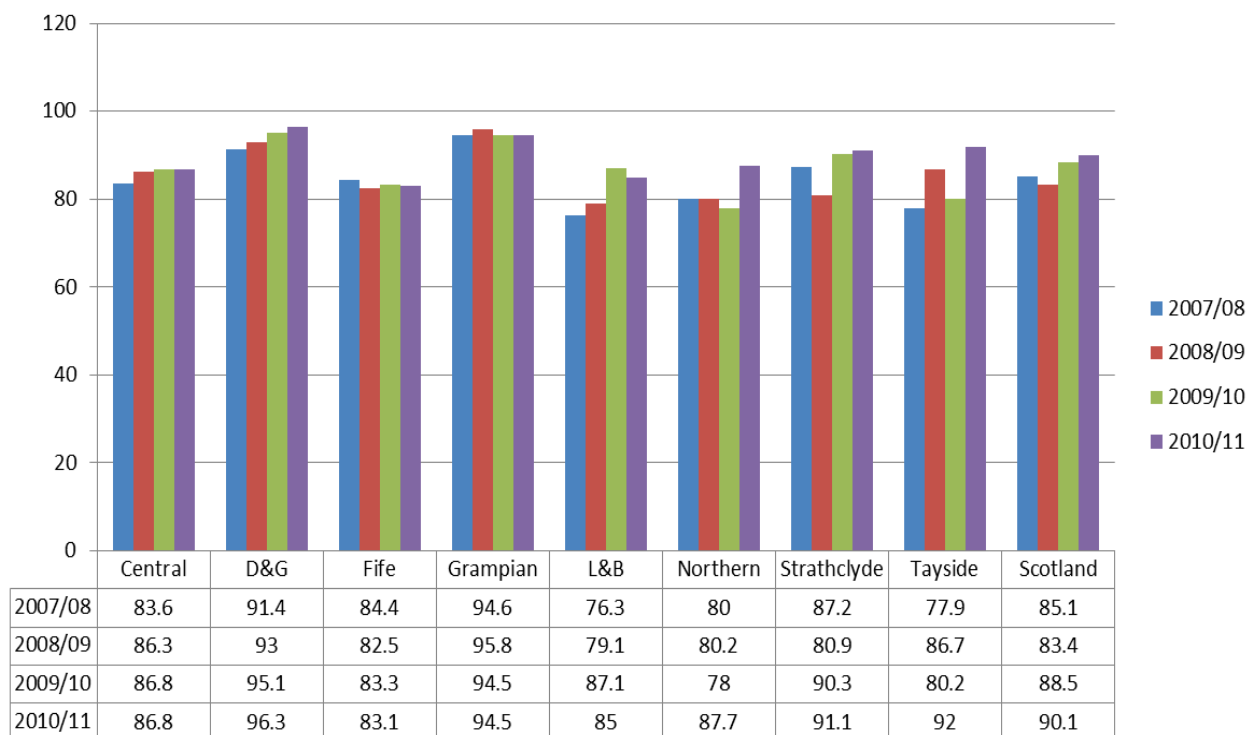
113. The force also shows a similar pattern for racist incidents and racially aggravated crimes; that is, low numbers recorded and amongst the highest detection rates in Scotland.

Criminal justice and tackling crime

114. A national target of 80 per cent has been in place for a number of years for the proportion of crime reports submitted to the Procurator Fiscal and the Children’s Reporter within 28 and 14 calendar days respectively. For the last four years the force has exhibited one of the highest proportions for submissions to the procurator fiscal, at 96.3 per cent in 2010-11 compared with a Scottish average of 90.1 per cent. Despite a slight year-on-year dip in 2010-11, longer term increases in the proportion of reports to the Children’s Reporter have brought the force’s submission rate in 2010-11 at 83.9 per cent to just below the Scottish average of 85.3 per cent. It also has the lowest proportion of reports submitted that go on to be marked as “no proceedings” including those so marked because of insufficient evidence.

Exhibit 10

Proportion of reports submitted to the procurator fiscal within 28 days (target = 80%)



Source: Scottish Government, SPPF 2010/11

115. Offences can alternatively be disposed of by direct measures, such as anti-social behaviour fixed penalty tickets, formal warnings, restorative justice warnings and conferences. Both these and the formal report submissions described above are priority measures for the force and have been the focus of targeted joint working with partner agencies. Having been involved in piloting restorative justice measures, Dumfries and Galloway continues to account for a greater than expected share of all those that are applied across Scotland. Indeed, according to its 2011 self-evaluation plan, Dumfries and Galloway has provided more

diversion from prosecution places than have other Scottish authorities combined. Such is its perceived success, the scheme is now due to be rolled out nationally.

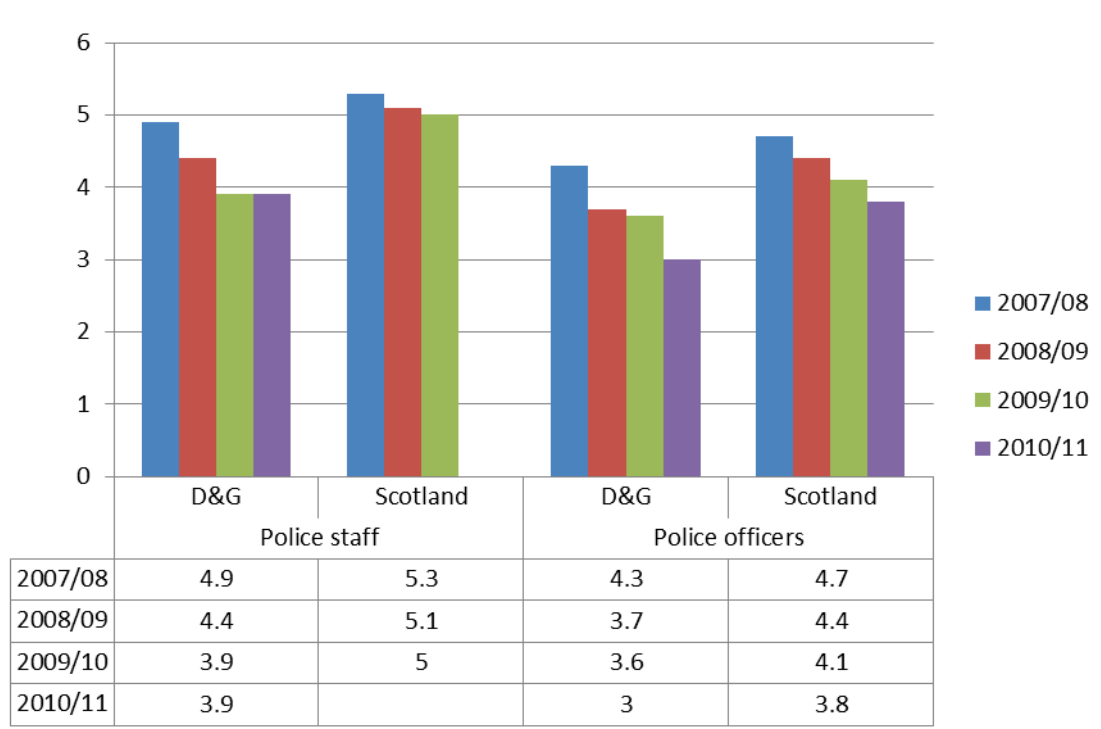
116. Finally in this section, it is often difficult to interpret statistics concerning drug offences because the type and quantities that the police seize can be greatly influenced by factors of supply and demand. This is important given that one of the force's priorities is to "impact on" the supply, misuse and availability of drugs. Nevertheless, the number of offences of supply and possession with intent to supply that the force has proactively detected has risen for the second successive year, giving it the highest rate per 10,000 population in Scotland in 2010-11. Moreover, while the number of drug deaths in the force area has remained static over the last two years, the number of drug overdoses has fallen by 40.8 per cent.

Sound governance and efficiency

117. Across Scotland forces are striving to maintain high standards of service in the face of financial cuts and major reform. Over the past year Dumfries and Galloway has been working to cut the number of support staff it employs – 2010/11 saw a 17.1 per cent attrition rate in this staff category – whilst seeking to recruit additional police officers.
118. At the present time it has the highest, though declining, rate per 10,000 population of police staff, at 17.5 members of civilian staff per 10,000 population compared with a Scotland-wide average of 12.9 (based on headcount rather than full time equivalent which would give a ratio of 14.5 to 11.8). Furthermore, despite also having the lowest actual numbers of police officers in Scotland the force has one of the highest rates per 10,000 population. Successive increases in its special constabulary strength mean that it also continues to have the highest rate of special constables nationally.
119. Both police officers and support staff in Dumfries and Galloway regularly enjoy some of the lowest sickness absence rates across the Scottish forces. The force is not only doing well against its own past performance but is also strong in comparison with Scotland as a whole. The force credits proactive measures to address sickness issues at an early stage including the use of private care as a main contributor to this trend.

Exhibit 11

Proportion of working time lost to sickness



Source: Scottish Government, SPPF 2010/11

- 120. Though not a Community Promise measure, staff morale and satisfaction is an important and relevant measure under governance and efficiency. As a result of the departure of its former diversity assistant, the force has not run a formal staff survey since 2008. In this absence, proxy measures such as sickness absence can be useful indicators of staff morale, particularly at this time of job losses and change. That said, the force has run a number of smaller staff consultation exercises on topics such as uniforms, making savings and police reform. Also, having now recruited a replacement member of staff it is in the process of running an online staff survey of a similar format to that of previous years, the results of which will be available in spring 2012. The inspection team were however reassured through interviews and focus groups with police officers, police staff, unions and staff associations that morale was good. All staff felt they had been well informed of issues affecting both them and the force.
- 121. Finally, all forces in Scotland have witnessed a decrease in the proportion of salary costs accounted for by overtime for both police officers and police staff. Dumfries and Galloway Constabulary is no exception, currently showing the lowest proportion for support staff across Scotland.

Conclusion

- 122. Taken together the figures above combine to present a very positive picture of performance by Dumfries and Galloway Constabulary. In most instances recorded crime is low and

declining particularly over the longer term, while detection rates and user satisfaction are already among the highest in Scotland and still improving. Internally, despite marked cuts in police staff numbers, both sickness absence and costs accounted for by overtime continue to fall. Even where performance has traditionally been less strong, such as with quality of service complaints, recent figures suggest that here too the trends are positive.

Part 4. Improvement recommendations

123. Scottish police services are going through a period of major change with the Government's announcement of their plan to create a single Scottish police force. We recognise that this is now a prominent issue for all forces and have taken this into account in setting out the improvement agenda. However police authorities and forces have an important role to maintain in run up to police reform. In particular they must continue to observe their duties under the Best Value legislation to ensure that police services remain effective, make the best use of the resources allocated to them and are accountable to local communities.
124. The improvement areas set out below focus on areas that are important to the operation of the police authority in the run up to the transition to a single force.

Joint improvements

1. The authority needs to form a clear view of how it can provide direction and scrutiny in the critical period of transition to a single force. Whilst recognising the need to sustain performance in the year ahead they must also make difficult decisions in favour of the process of reform and a single national service. At its meeting on 24 January 2012, the Police (and Fire and Rescue) Authority agreed to recommend to the new council that the PFRC's remit is changed to include oversight of the Dumfries and Galloway Pathfinder project and the transition to the new arrangements.
2. The authority and force should sustain the scrutiny of police performance, and consider how to develop this further to challenge the cost-effectiveness of police services. They should also ensure performance reports provide more balanced and comparative information including the cost of police activity.
3. The authority and force should put in place more systematic scrutiny of risks and ensure that the authority is aware of emerging risks, and of changes to risks, on an on-going basis.

Dumfries and Galloway Police Authority

4. The authority should continue to develop the skills and capacity of members, and encourage the uptake of training and development events, particularly for new members following the 2012 council elections.
5. The authority should put measures in place to ensure that it has sufficient oversight of the force's activities to promote equal opportunities and diversity.
6. The authority should consider how to develop public reporting to provide more contextual and comparative information.

Dumfries and Galloway Police

7. The force should continue to develop its HR and Finance strategies in the context of police reform, which are responsive to the needs of the community, consider the need for maintaining current levels of performance and identify opportunities to reduce costs.
8. The force should work with the PFRC to develop an Asset Management Plan which articulates the financial liabilities of the force estate and fixed assets to assist in managing the transfer to a single force structure.

Appendix 1

Expectations of police authorities

The Scottish government has issued two main sources of guidance on the role of elected members and police authorities:

- *Circular 11/2003, Implementing Best Value in the Scottish Police Service*, issued in December 2003.
- *Guidance to Members*, issued in June 2007.

Taken together, these two documents set out six main areas of activity for police authorities and their members:

- Police authorities need to pursue best value in tandem with chief constables who are responsible for police operations in their force. Members of the police authorities should take joint responsibility for the overarching plan to achieve best value and other duties in the force, and work with the chief constable to ensure that it is carried out effectively.
- Best value requires elected members and senior managers to develop a vision of how best value will contribute to the corporate goals of the authorities, inform the direction of services and be communicated to staff.
- Police authorities are expected to demonstrate responsiveness to the needs of the public and other stakeholders. Plans, priorities and actions should be informed by an understanding of those needs. Police authorities may make clear publicly how they engage and work with chief constables, delivering and reporting on, best value. They have a particular role to play in ensuring effective public consultation on aspects of policing.
- It is a matter for each authority to determine how it fulfils these roles. However, one option might be for the police authorities to contribute to and endorse the chief constable's annual plan.
- Members of the police authorities should be able to demonstrate that they are making the best use of public resources and demonstrate an approach to review that is rigorous, robust and covers all aspects of their work.
- Police authorities need to make sure that the force collects and reports good quality performance data to them. Police authorities should analyse the data and any accompanying commentary. They may then want to investigate further by asking questions of the chief constable as part of a continuous discussion and review of force performance.