

## The Accounts Commission for Scotland

### Agenda

Meeting on Thursday 15 December 2011,  
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 13 to 16 in private.
4. **Minutes of meeting of 10 November 2011**
5. **Minutes of meeting of the Financial Audit and Assurance Committee of 1 December 2011**
6. **Chair's introduction:** The Chair will report on recent activity and issues of interest to the Commission.
7. **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.
8. **Statutory performance information – 2011 Direction:** The Commission will consider a Direction on performance information under section 1 of the Local Government Act 1992.
9. **Audit Scotland Corporate Plan:** The Commission will consider a report by the Chief Operating Officer, Audit Scotland
10. **Best Value Audit – Central Scotland Fire and Rescue:** The Commission will consider a report by the Controller of Audit
11. **Best Value Audit – Tayside Fire and Rescue:** The Commission will consider a report by the Controller of Audit
12. **Shetland Islands Council:** The Commission will consider a follow-up report by the Controller of Audit.
13. **Commissioning social care:** The Commission will consider a report by the Director of Performance Audit
14. **Best Value Audit – Central Fire and Rescue:** The Commission will consider the action it wishes to take on the report
15. **Best Value Audit – Tayside Fire and Rescue:** The Commission will consider the action it wishes to take on the report
16. **Shetland Islands Council:** The Commission will consider the action it wishes to take on the report.

The following papers are enclosed for this meeting:

<b>Agenda Item</b>	<b>Paper number</b>
<b>Agenda Item 4:</b> Minutes of the meeting of the Commission of 13 November 2011	AC.2011.12.1
<b>Agenda Item 5:</b> Minutes of the meeting of the Financial Audit and Assurance Committee of 1 December 2011	AC.2011.12.2 [TO FOLLOW]
<b>Agenda Item 7:</b> Update report by the Controller of Audit	AC.2011.12.3
<b>Agenda Item 8:</b> Report by the Director of Best Value and Scrutiny Improvement	AC.2011.12.4
<b>Agenda Item 9:</b> Report by the Chief Operating Officer, Audit Scotland	AC.2011.12.5
<b>Agenda Item 10:</b> Report by the Controller of Audit	AC.2011.12.6
<b>Agenda Item 11:</b> Report by the Controller of Audit	AC.2011.12.7
<b>Agenda Item 12:</b> Report by the Controller of Audit	AC.2011.12.8
<b>Agenda Item 13:</b> Report by the Director of Performance Audit (PRIVATE PAPER – For members only) Draft key messages (PRIVATE PAPER – For members only) Draft performance audit report (PRIVATE PAPER – For members only)	AC.2011.12.9a

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**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, 10 November 2011, at 10am

PRESENT: John Baillie (Chair)  
Douglas Sinclair (Deputy Chair)  
Alan Campbell  
Sandy Cumming  
Colin Duncan  
James King  
Bill McQueen  
Christine May  
Colin Peebles  
Linda Pollock  
Graham Sharp

IN ATTENDANCE: Fraser McKinlay, Controller of Audit and Director of Best Value and Scrutiny Improvement  
Barbara Hurst, Director of Performance Audit  
Fiona Kordiak, Director of Audit Services  
Paul Reilly, Secretary and Business Manager  
Antony Clark, Assistant Director, Best Value and Scrutiny Improvement  
Elaine Boyd, Senior Audit Manager, Audit Services [Item 7]  
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Items 12 and 14]  
Andrew Laing, Her Majesty's Inspector of Constabulary [Items 12 and 14]  
Superintendent Phil Carson, HM Inspector, Her Majesty's Inspectorate of Constabulary [Items 12 and 14]  
Martin Walker, Assistant Director, Best Value and Scrutiny Improvement [Items 13 and 15]  
Lesley McGiffen, Portfolio Manager, Best Value and Scrutiny Improvement [Items 13 and 15]  
Gillian Battison, Project Manager, Best Value and Scrutiny Improvement [Items 13 and 15]  
Paul Craig, Senior Audit Manager, Audit Services [Items 13 and 15]

Item No

Subject

1. Apologies for absence
2. Declarations of interest
3. Decisions on taking business in private
4. Minutes of meeting of 13 October 2011
5. Chair's introduction
6. Update report by the Controller of Audit
7. Briefing: Clyde Valley shared services proposal

8. Briefing: shared risk assessment refresh process 2012/13
9. Performance audit rolling programme – update
10. Statutory performance information
11. Best Value audit of Fire and Rescue services – update on audit programme
12. Best Value audit and inspection - Lothian and Borders Police and Police Board
13. Best Value audit – Comhairle nan Eilean Siar
14. Findings: Best Value audit and inspection - Lothian and Borders Police and Police Board
15. Findings: Best Value audit – Comhairle nan Eilean Siar
16. Any other business

---

1. Apologies for absence

Apologies for absence were received from Michael Ash.

2. Declarations of interest

The following declarations of interest were made:

- Sandy Cumming, in item 13, as a former Chief Executive of Highlands and Islands Enterprise
- Douglas Sinclair, in item 13, as a former employee of Comhairle nan Eilean Siar
- Colin Peebles, in item 14, as a former employee of Lothian and Borders Police
- Christine May, in items 6 and 7, as a consultant in relation to waste management issues
- Alan Campbell, in item 16, as a former employee of Aberdeenshire Council

3. Decisions on taking business in private

It was proposed that items 14 and 15 should be taken in private to allow deliberations on actions arising from its consideration of: the joint report of the Controller of Audit and Her Majesty's Inspector of Constabulary on Lothian and Borders Police and Police Board (item 14); and the Controller of Audit's report on Comhairle nan Eilean Siar (Item 15).

4. Minutes of meeting of 13 October 2011

The minutes of the meeting of 8 September 2011 were submitted and approved, subject to noting that Douglas Sinclair did not attend the meeting between the Commission, Audit Scotland and COSLA on 9 September 2011.

In relation to item 8 of the minutes (Controller of Audit update report), advice from the Director of Best Value and Scrutiny Improvement (BVSU) was noted that he would circulate in early course the information requested by members.

In relation to item 10 (Report of the Christie Commission), advice from the Secretary and Business Manager was noted that the Performance Audit Committee would consider at a future meeting the effect of the Scottish Government's response to the Christie Commission.

In relation to item 11 (Scottish Spending Review 2011 and Draft Budget 2012-13), advice from Director of BVSJ was noted that the information requested by the Commission had been circulated to members.

In relation to item 17 (Audit Scotland budget 2012/13 and charges for 2011/12 audits), advice from the Director of Audit Services was noted that the Assistant Auditor General would be meeting the CIPFA local government Directors of Finance section on 11 November 2011.

5. Chair's introduction

The Chair reported that:

- He attended a meeting of the Audit Scotland Board meeting on 27 October
- He participated on the panel representing the Accounts Commission at the Audit Scotland „Connect“ staff conference on 1 November
- The Deputy Chair and link members Bill McQueen and James King met with Aberdeenshire Council representatives to discuss the Accounts Commission report on the council on 1 November. A note of this meeting was tabled, and it was agreed that it be considered under „any other business“
- He acted as the media lead for the joint report on Community Planning Partnerships on 2 November and the report on Stirling Council on 9 November
- He and the Deputy Chair met with the non-executive members of the Audit Scotland Board on 9 November, to discuss matters of mutual interest.

6. Update report by the Controller of Audit

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

Following discussion, the Commission:

- Noted advice from the Controller of Audit that he had yet to receive a small number of annual audit reports but that this would be concluded satisfactorily in early course
- Noted advice from the Chair that he awaited further advice from the Convenor of the Parliament's Public Audit Committee about future invitations to its meetings
- Noted advice from the Controller of Audit that he was currently considering issues arising from accounts and annual audit reports, and he would report to future meeting of the Commission as appropriate
- Noted advice from the Controller of Audit that he was in ongoing discussions with various stakeholders to gauge the interest amongst councils in taking part in pilot work in relation to auditing outcomes and community planning partnerships.

- Noted the report

7. Briefing: Clyde Valley shared services proposal

The Commission considered a report by the Director of Audit Services on the updated position in relation to the Clyde Valley shared services proposals.

Following discussion the Commission agreed:

- That the Director of Audit Services provide more detail of the proposed governance arrangements for the proposal

*(Action: Director of Audit Services)*

- That the Director of Audit Services provide information on any discussions between any Clyde Valley councils on proposals outwith or separate from the original Clyde Valley proposals

*(Action: Director of Audit Services)*

- To note advice from the Director of BVSİ that the Commission has already published some useful guidance to councils on improving partnership working, such as in the local government overview report 2010 and in the performance audit "The role of community planning partnerships in economic development"

- That the Director of BVSİ consider a draft project outline for a study in the „How Councils Work” improvement series on shared services and partnership working, and how this might be programmed

*(Action: Director of BVSİ)*

- To note the report.

8. Briefing: shared risk assessment refresh process 2012/13

The Commission considered a report by the Director of BVSİ on the proposed approach to, and timetable for, the 2012/13 Shared Risk Assessment Process.

Following discussion the Commission agreed:

- To note that the Director of BVSİ will consider how accessible the guidance is to those not involved directly in the shared risk assessment process

- To note advice from the Director of BVSİ that, while the 2012/13 process is based on a „refresh” of the current process, the current work by the Commission and its scrutiny partners on developing an audit approach for outcomes and community planning partnerships may necessitate a more fundamental review of the process for future years

- To note that the Director of BVSİ would consider if it would be appropriate to revise the guidance to reflect that a „green” classification of risk be applied on the condition that performance is both satisfactory and improving

- To note the report.

9. Performance audit rolling programme – update

The Commission considered a report by the Director of Performance Audit which provided a formal update on the rolling programme of performance audits.

Following discussion, the Commission:

- Noted advice from the Director on how the programme accommodated a moratorium on published reports in the period leading up to the local government elections in May 2012
- Noted the report.

10. Statutory performance information: 2010/11 outturn data

The Commission considered a report by the Director of BVSI which provided analysis of the 2010/11 statutory performance data provided by local authorities for the 2010-11 financial year and set out issues arising in relation to the future approach to statutory performance information.

Following discussion, the Commission:

- Agreed that a workshop event for be organised for members to consider the future strategy for performance information

*(Action: Secretary and Business Manager)*

- Noted advice from the Director of BVSI that recent discussions with the Society of Local Authority Chief Executives in Scotland (SOLACE), in relation to developing a comprehensive approach to the reporting by councils of performance information, were useful
- Agreed that the Director of BVSI provide more information on those councils which fully met all the criteria across all aspects of corporate management and service performance, as set out in the 2008 Publication of Information (Standards of Performance) Direction

*(Action: Director of BVSI)*

- Agreed that the Director of BVSI provide quarterly updates on the progress of the ongoing discussions between him and SOLACE

*(Action: Director of BVSI)*

- Noted the report.

11. Best Value audit of Fire and Rescue services – update on audit programme

The Commission considered a report by the Director of BVSI which set out progress in relation to the Best Value audits of fire and rescue services and provided a proposed timetable for the Commission considering reports arising therefrom.

Following discussion, the Commission noted the report:

12. Best Value audit and inspection - Lothian and Borders Police and Police Board

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit and inspection of Lothian and Borders Police and Police Board, and seeking a recommendation on how to proceed.

During discussion, the Commission sought clarification and further explanation from the Controller of Audit, Her Majesty's Inspector of Constabulary and the audit team on a number of points in the report.

13. Best Value audit: Comhairle nan Eilean Siar

The Commission considered a report by the Secretary and Business Manager introducing the Best Value audit report on Comhairle nan Eilean Siar and seeking a recommendation on how to proceed.

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

14. Best Value audit and inspection - Lothian and Borders Police and Police Board (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 on 6 December 2011.

15. Best Value audit - Comhairle nan Eilean Siar (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 on 29 November 2011.

16. Any other business: Note of meeting with Aberdeenshire Council

The Commission considered a note of its meeting held on 1 November 2011 with representatives of Aberdeenshire Council, at which it was represented by the Deputy Chair and members James King and Bill McQueen. The meeting had been held to discuss the Commission's findings in relation to the Controller of Audit's report on the performance audit of the Council's housing and council tax benefit service, which the Commission agreed at its meeting on 14 July 2011.

Following discussion, the Commission agreed that the Controller of Audit report back on any further developments as they arise.

*(Action: Controller of Audit)*



**ACCOUNTS COMMISSION**

**FINANCIAL AUDIT AND ASSURANCE COMMITTEE**

**MEETING 15 DECEMBER 2011**

**MINUTES OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE**

---

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Audit Scotland, 18 George Street, Edinburgh on Thursday, 1 December 2011, at 10.30am.

PRESENT: Bill McQueen (Chair)  
Sandy Cumming  
Colin Duncan  
Linda Pollock  
Graham Sharp  
Douglas Sinclair

IN ATTENDANCE: Fraser McKinlay, Director of Best Value and Scrutiny Improvement  
Fiona Kordiak, Director of Audit Services  
Paul Reilly, Secretary and Business Manager  
Gillian Woolman, Assistant Director, Audit Services [Item 5]  
Gordon Smail, Portfolio Manager, Best Value and Scrutiny Improvement [Item 6]  
Maggie Bruce, Senior Audit Manager, Audit Services [Item 7]

1. Apologies for absence
2. Declarations of interest
3. Minutes of meeting of 15 September 2011
4. Local Government Pension Scheme Pathfinder Project - update
5. Current audit issues in councils
6. 2011 overview report – update
7. Annual audit report in focus: a presentation by the Director, Audit Services
8. Any other business

1. Apologies

Apologies were received from John Baillie.

2. Declarations of interest

It was noted that no declarations of interest were made.

3. Minutes of meeting of 15 September 2011

The minutes of the meeting of 15 September 2011 were approved.

In relation to item 4 of the minutes (current audit issues), it was agreed:

- To note advice from the Director of Best Value and Scrutiny Improvement (BVSI) that the Chief Executive of the Office of the Scottish Charity Regulator had recently written to Shetland Charitable Trust to convey his concern about ongoing issues surrounding the Trust's status, and seeking early resolution of these issues. The Director advised that this matter would feature in his report to the Commission in December on progress since the Commission's public hearing in June 2010.
- That the Director of BVSI report to a meeting of the Commission on the outcome of a BVSI review on council management structures

*(Action: Director of BVSI)*

4. Briefing on Local Government Pension Scheme Pathfinder Project

The Committee considered a report by the Director of Audit Services giving further information on the Local Government Pension Scheme (LGPS) Pathfinder Project.

During a discussion on matters raised at the meeting of COSLA's LGPS Convenors Group on 25 August 2011 the Committee agreed:

- To note the report
- That the 2011 Local Government Overview report make reference to the progress of the LGPS Pathfinder Project
- That the Director of BVSI and Director of Audit Services liaise with others within and outwith Audit Scotland to get more information on the progress of, and the issues behind, the project

*(Action: Director of BVSI)*

*(Action: Director of BVSI and Director of Audit Services)*

- That they report the outcome of their deliberations to the Chair of the Committee, the Accounts Commission Chair and Deputy Chair, and Graham Sharp

*(Action: Director of BVSI and Director of Audit Services)*

- To recommend to the Accounts Commission that the Chief Executive of the Improvement Service be invited to a future meeting to discuss issues of mutual interest.

*(Action: Secretary and Business Manager)*

## 5. Current audit issues in councils

The Committee considered a report by the Director of Audit Services setting out emerging issues, recurring themes and individual issues of interest in Scottish councils.

During discussion, it was agreed:

- To note that since the publishing of the report, the Director of BVS I had now received all local authority annual audit reports
- To note that since the publishing of the report, the City of Edinburgh Council had agreed not to proceed with the proposed alternative business model project for environmental services
- To note that the outcome of the triennial valuation of the Local Government Pension Scheme, which took place in 2011 and which will set contribution rates for local authorities, will help provide better clarity as to current liabilities in this regard
- To note that the 15 November 2011 Court of Session judgement in favour of women employee equal pay claims against the City of Edinburgh Council could potentially have substantial implications for local authorities, and consequently, the issue will feature in the 2011 Local Government Overview report
- To note that management restructuring will feature in the 2011 Local Government Overview report
- To note that capital planning will feature in the 2011 Local Government Overview report
- Agreed that the Director of Audit Services provide members with information relating to net movement of staff in councils, as indicated by Staffing Watch figures

*(Action: Director of Audit Services)*

- Agreed that the Director of Audit Services clarify with members as to whether analysis in relation to the cost of servicing debt includes PFI projects.

*(Action: Director of Audit Services)*

- To note advice from the Director of Audit Services that it was her intention in future to produce earlier in the year graphical support information taken from analysis of annual accounts, to allow its use by auditors in the production of annual audit reports
- Agreed that further thought be given by the Director to improving some presentation of the information, such as time-based information and time series.

Thereafter the Committee agreed to note the report.

## 6. 2011 overview report - update

The Committee considered a report by the Director of BVSI which provided an update on the local government overview report and emerging key messages.

During discussion, it was agreed:

- To note the report, and to commend the approach taken so far by the audit team
- To note that a draft Local Government Overview report would be submitted to study sponsors in January
- To note that comments arising therefrom would be reflected in a draft Overview Report to be submitted to the Accounts Commission meeting on 18 February
- The distribution list for the published report should be reviewed and consideration given to including community planning partners
- That the following be featured in the report:
  - Public performance reporting
  - Performance management systems
  - The value of council asset bases in the long term
  - The role of good governance in project management
  - Risks around the procurement of services for vulnerable people
  - Risks around the need to ensure continuity and capacity in police and fire and rescue joint boards
  - Risks around the capacity of council finance functions in a time of management restructuring and human resource pressures
  - Prominence for the preventative spend issue
  - Managing risks around capacity of newly elected members, including priorities for training
  - The capacity of senior management teams
  - Emphasis on 'control' rather than 'cutting' of expenditure
  - More prominence to the issue of the need for a better understanding of costs and productivity
  - The importance of benchmarking
  - Engaging communities in service design and redesign
  - Accountability and partnership working
  - The relationship between best value and activities such as option appraisal
  - Links between risks of failures by individuals and the role and capacity of the internal audit function

## 7. Annual Audit report in focus

The Committee considered a presentation by the Director, Audit Services entitled *Annual Audit report in focus* and the supporting annual report on the 2010/11 audit of a sample council.

During discussion, it was agreed:

- That the following be given consideration in the design of next year's annual audit report template:
  - More use of inter-council comparative information
  - Review of the wording of paragraph 67, in relation to the principles of corporate governance

- Review of the wording of paragraph 68, in relation to the responsibilities of audited bodies in relation to corporate governance
- Inclusion of information relating to reports from the Scottish Public Services Ombudsman
- More emphasis on progress and content of the audited bodies' corporate improvement plan

*(Action: Director of Audit Services)*

- To note that annual audit reports for all local authorities are available on the Audit Scotland website from January 2012
- To note advice from the Director of BVS1 that he was in discussion with the Director of Audit Strategy about the variability in the content of annual audit reports between those managed by Audit Scotland and those by private firms, with a view to better consistency and learning from the various approaches used.
- That a private firm be invited to a future meeting of the Committee to offer its perspective on the annual audit process.

*(Action: Secretary and Business Manager)*

8. Any other business

There was no other business.

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**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. The most recent such report was at the Committee meeting of 1<sup>st</sup> December 2011.

**Local government issues**

3. Auditors have now submitted their annual reports on the 2010/11 audit to me. A small number of reports missed the 31 October deadline due to delays in clearing the reports with the local authorities. I am satisfied that there were clear reasons for these delays and would not envisage these to be repeated in future years.
4. David Robb, the new Chief Executive of the Office of the Scottish Charities Regulator (OSCR), has written to the Trustees of Shetland Charitable Trust to convey OSCR's continuing concerns about the governance of the Trust, and seeking early resolution of the issues. I should be in a position to provide the Commission with a verbal update on the latest position at the meeting.
5. At a meeting of City of Edinburgh Council on the 24<sup>th</sup> of November, the council voted to terminate the procurement process for environment services without the award of any contract. It will now implement the internal improvement plan for environment services. The business case on environment services was the first of three proposals which are being developed under the Alternative Business Model (ABM) modernisation programme. The full implications of this decision are as yet unclear and the external auditors are continuing to monitor the situation closely.
6. There have been reports that several members of staff in City of Edinburgh property services department have been dismissed in relation to the investigation into statutory repairs. The reports also suggested that the department has been reorganised. The investigation undertaken by Deloitte is still underway and Lothian and Borders Police continue to investigate.
7. South Lanarkshire Council has appointed a new Chief Executive. Lindsay Freeland is currently the council's Executive Director, Housing and Technical Resources and takes up his new post in January 2012.
8. The new Chief Executive of the Care Inspectorate has been announced as Annette Bruton. Ms Bruton is currently Director of Education, Culture and Sport at Aberdeen City Council. She was previously a Chief Inspector at HMIE, where she was instrumental in the development of the child protection inspections. She takes up her new post in February 2012.

## **Parliamentary news**

9. At its meeting on 23 November 2011, the Public Audit Committee took evidence on the joint Accounts Commission and Auditor General report, 'An overview of Scotland's criminal justice system'. The Committee took evidence from senior representatives of the Crown Office and Procurator Fiscal Service, the Scottish Court Service, the Scottish Prison Service, Community Justice Authorities and the Scottish Government.
10. More generally, there have been numerous references to the work of the Accounts Commission, the Auditor General and Audit Scotland in parliamentary business, including committee enquiries, parliamentary debates and written questions.

## **Other issues**

11. The Audit Commission has published two reports of interest in November. The first focuses on fighting fraud in local government in England, concluding that councils in England have detected £185m of fraud in the past year. The second looks at how English councils are responding to the challenging financial climate. We would be happy to provide copies of the report for members.
12. The Scottish Government has appointed Angela Constance as the new Minister for Youth Employment. In the resulting reshuffle, Aileen Campbell has been named Minister for Children & Early Years and Derek Mackay takes over as Minister for Local Government & Planning. Mr Mackay was Leader of Renfrewshire Council prior to the May elections and is a previous SNP group leader at CoSLA.

## **Conclusion**

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

Fraser McKinlay  
Controller of Audit  
07 December 2011

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**DIRECTOR OF BEST VALUE AND SCRUTINY IMPROVEMENT**

**STATUTORY PERFORMANCE INFORMATION – 2011 DIRECTION**

---

**PURPOSE**

1. This paper sets out the amended introduction to the existing 2008 Direction for the collection and reporting of Statutory Performance Indicators (SPIs) for 2011/12. Members are asked to consider and approve the changes to the introduction which reflect the Commission's current thinking on the future of SPIs.

**BACKGROUND**

2. The Local Government Act 1992 requires the Commission to direct local authorities (including police and fire & rescue joint boards) to publish information for the public each year that will facilitate the making of appropriate comparisons between their performance in the year and over time.
3. With the 2008 Direction the Commission made a significant change to its approach by offering flexibility for councils to develop a broad set of comprehensive information for local communities, through their own Public Performance Reports (PPR), alongside a shorter list of specific comparable indicators. This change creates a clear linkage between the SPI regime and the effective performance management and reporting required by the Best Value duty. Specifically the changes included:
  - councils to report on:
    - a) a reduced set of specified performance indicators; and
    - b) a wider range of self-selected material across a range of corporate and service areas to demonstrate that Best Value is being achieved
  - fire & rescue services to report against a limited range of detailed indicators and more broadly to demonstrate they are securing Best Value
  - police authorities to report in accordance with the Scottish Policing Performance Framework (SPPF).
4. The Commission indicated that it would review its approach in 2011 in light of public performance reporting improvements by councils.

**REPORTS ON THE IMPACT OF THE 2008 DIRECTION ON COUNCILS' PUBLIC PERFORMANCE REPORTING (PPR) ARRANGEMENTS**

5. In November 2011, the Commission examined a follow-up analysis of the progress made by councils in 2010/11 towards meeting the obligations contained within the 2008 Direction of providing comprehensive public performance reporting.
6. The Commission acknowledged the further progress made by councils compared with 2009/10 in developing PPR and working nationally to develop their own indicator sets. However, the Commission considers that there remains scope for



further improvement, as the approach to and coverage of PPR is highly variable across councils. Specifically:

- Only one council (Perth and Kinross) appears to have fully met all the criteria across all aspects of corporate management and service performance.
  - Some councils continue to rely heavily on the SPIs as the main source of reporting performance information to the public.
  - Reporting cost information continues to be underdeveloped with only 6 councils providing detailed coverage.
  - Benchmarking needs further development, only 6 councils compared their performance to other councils and 16 councils do not assess performance against targets.
7. When considering the findings of the 2010/11 analysis the Commission discussed a number of issues which impact on the development of future Directions:
- some SPIs are now out dated
  - the pace of improvement in PPR coverage
  - the lack of consistent coverage in PPR documents around comparisons with others and benchmarking
  - councils are currently engaged in a number of initiatives to improve performance information, including a SOLACE led project on the development of local outcome indicators and a suite of benchmarking indicators covering costs and services
8. The Commission provisionally agreed at its November meeting to continue with the broad approach outlined in its 2008 Direction (revised 2010), in this 2011 Direction covering the reporting year 2012/13. However, the Commission also agreed to hold a workshop in 2012 in order to have an in-depth discussion about the future of SPIs with a view to making more radical change next year to the 2012 Direction.

## **THE 2011 DIRECTION RECOMMENDATIONS**

9. When compared with the previous year our analysis shows that progress has been made in strengthening council's PPR arrangements in response to the retained 2008 Direction, however more needs to be done. The SOLACE led benchmarking work is developing and further progress in designing sets of indicators should be available by mid 2012. The Commission will then be in a position to review their suitability in accordance with the principles and guidance underlying Best Value. In light of these developments at national level, the Commission's provisional decision to retain the principles of the 2008 Direction for the next cycle of reporting 2012/13 will allow councils further time to develop their individual PPR approaches and their collective work to develop national indicator sets.
10. However, retaining the 2008 Direction presents challenges in ensuring the prescribed SPIs continue to be fit for purpose. These indicators have been in place for many years and since the 2008 direction only minor amendments to definitions have taken place. There has been no formal consultation with Scottish Government departments, local government or professional groups in terms of key policy initiatives that we might wish local government to report against.
11. Annex A provides a commentary on the current set of SPIs, which shows:

- **3 indicators could be deleted.** The information for these indicators is collected and published by Government or another regulatory body (indicators 6, Scottish Government, 24, SEPA and 25, Keep Scotland Beautiful).
  - **Part of 1 indicator (21, part (b) relating to business advice requests) could be deleted.** This indicator was introduced in 1998 to drive up performance. This is no longer a concern as 96.6% of requests are completed within time.
  - **1 indicator should be amended to better reflect definitions used by the Scottish Government** (indicator 13, for householder and non-householder planning applications). The distinction between householder and non-householder doesn't reflect how the Scottish Government defines and collects performance data. It is recommended we refer to „planning applications (excluding major applications)“.
  - **11 indicators can be included in the 2011 direction, but consultation with the appropriate bodies will be required for future directions.** A number of these (indicators 4, 9, 14, 15, 16, 17, 18, 19, 20) will be affected by legislation currently being considered by the UK or Scottish Governments. 1 indicator (7, invoice payments within 30 days) no longer reflects the industry standard of 10 days and 1 indicator (23, net cost refuse collection) is subject to on-going complaints from councils to amend the definition of what income can be netted from gross costs.
12. *In light of this, the Commission is invited to consider whether any remedial amendments to existing indicators are required to the 2012 Direction prior to a review in 2012 which might lead to more fundamental change next December. Annex 1 indicates which indicators remain relevant and those that could be amended or deleted.*
13. The Chair's introduction to the Direction has been updated to make explicit reference to the Commission's continued direction of travel of placing increased emphasis on self determination by councils of the performance material, both qualitative and quantitative, that they choose to report to the public, in accordance with the principles and guidance underlying Best Value. It makes clear that this position is dependent on council's demonstrating continued progress in PPR and the successful implementation of the national initiatives to improve performance information (cost, quality, outcomes) over the next year. The introduction also refers to legislation that will impact on some of the current indicators, such as, the benefits indicator and the UK Governments universal credit proposals; the Scottish Government Bill on self-directed support which will affect the home care indicator; and proposals for the Scottish Housing Charter which will affect the housing indicators. The statement reflects the Commission's intention during 2012 to fundamentally review the use and value of SPIs within this context prior to determining future Directions.
14. An updated introduction by the Chair of the Accounts Commission which reflects this position is included at Annex 2.
15. *The Commission is also invited to approve the amendment to the introduction to the 2008 Direction to reflect the direction of travel.*

The 25 prescribed indicators which have been in place since the 2008 direction was issued are listed followed by a short commentary.

### Assessment of current SPIs – 2010/11

#### Indicator and commentary

- 1 The average number of working days per employee lost through sickness absence for:
  - Teachers
  - All other local government employees.

A widely used corporate performance indicator. Also features in the UK audit agencies' corporate benchmarks.

*This indicator continues to be relevant to measure council performance.*

- 2 The number and percentage of the highest paid 2% and 5% of earners among council employees that are women.

This indicator is intended to monitor the achievement of equality of opportunity for leadership posts. Within HR circles the leadership is considered to be the top 5% of earners.

In 2010/11 the Scottish average at the 5% level is 45.4% which has increased from 35.8% when the indicator was first introduced in 2003/04. The Scottish average at the 2% level is 38.4% which has increased from 28.3% when the indicator was first introduced. Four councils reported that 50% or more of women employees are in the top 5%. At those councils the balance is changing and males are under represented at this level.

*This indicator continues to be relevant to measure council performance.*

- 3 The number of council buildings from which the council delivers services to the public and the percentage of these in which all public areas are suitable for and accessible to people with a disability.

This indicator is consistent with the indicator developed by the Federation of Property Societies (FPS).

FPS has developed a building assessment framework to assist the comparability of the assessment process. It is however the responsibility of each council to determine what assessment is required since it is the council that is subject to potential challenge for failure to comply with the Disability Discrimination Act.

FPS has recently amended their guidance to improve comparability; however, the 2010/11 performance reported by a number of councils throws doubt on comparability either year-on-year or across councils. The following provides examples of reporting in 2010/11:

- The proportion of council buildings from which services are provided to the public and are accessible to people with a disability ranged from 11.9% at the City Edinburgh council to 96.4% at Scottish Borders council.
- Perth and Kinross reported that 59.8% of council buildings are accessible to people with disabilities compared with 19.6% the previous year
- Fife council reported that 13.7% of their buildings are accessible to people with

disabilities compared with 82.3% the previous year.

While FPS continues to support this indicator, there is a requirement to ensure that the information being reported by councils is providing comparability, if not across councils, then year-on-year.

*This indicator continues to be relevant to measure council performance.*

4 The gross cost per case for benefits administration.

The Westminster government published the White Paper "Universal Credit: Welfare that works" in November 2010. In time this will mean that the introduction of UC effectively ends the devolved administration of housing benefits services in Scotland. The future of Council Tax benefit is uncertain but it is planned to be abolished by April 2013.

Depending on the pace of change by the Westminster Government, the 2011 Direction (for 2012/13) may be the last time that the Commission will be in a position to prescribe this indicator.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

5 The cost per dwelling of collecting Council Tax.

An indicator that has been in place since they were first introduced.

Apart from there being significant variances in figures which seem excessive (ranging from £3.78 at Fife to just over £20 per dwelling at Edinburgh), it is an indicator of cost that should continue, but it is debateable whether it is any more important than many other corporate costs indicators (e.g for HR, ICT, Estates Management, Procurement, Legal services etc).

*This indicator continues to be relevant to measure council performance.*

6 The income due from Council Tax for the year, net of reliefs and rebates, and the percentage that was received during the year

An indicator that has been in place since they were first introduced.

The information is also reported to the Scottish Government, if there is a view that council reporting requirements to different regulatory bodies should be minimised, it would be possible to access the information from the SG.

*This indicator is collected by the SG and does not need to be collected direct from councils. Hence the indicator could be deleted.*

7 The number of invoices paid within 30 calendar days of receipt as a percentage of all invoices paid.

The 30 day period for payment of invoices continues to be an industry standard, however, over the past few years many organisations are now measuring against a 10 day standard (including Audit Scotland). The Scottish Government guidance is that payment by public sector organisations should be made in accordance with the Scottish

Government target for the payment of invoices within 10 working days of their receipt”

The prescribed indicator requires councils to report against a 30 day target while a more demanding 10 day target is being used by the Scottish Government.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

- 8 The proportion of operational accommodation that is:
- in a satisfactory condition
  - suitable for its current use.

This indicator uses guidance drawn up by the Federation of Property services.

Scottish councils should be using an agreed suite of local asset management indicators as part of their asset management processes.

It is important to both staff and service users that properties are maintained in a reasonable condition and are suitable for the service provided.

*The indicator continues to be relevant to measure council performance.*

- 9 Home Care
- a) The number of people age 65+ receiving homecare
  - b) The number of homecare hours per 1,000 population age 65+
  - c) As a proportion of home care clients age 65+, the number receiving:
    - personal care
    - a service during evenings/overnight
    - a service at weekends.

The Scottish Government published a draft bill (Self-directed Support (Scotland) Bill) for consultation in 2010. The bill will impose firm duties on local authorities to provide the various options available to citizens – making it clear that it is the citizen’s choice as to how much choice and control they want to have regarding care.

Self-directed support empowers people to direct their own care – to have informed choice and control about how their support is provided. There are several ways for people to do this. One way is taking a direct payment. This is when a local authority makes a payment direct to the citizen in place of services that otherwise would have been arranged by the authority.

The home care indicator will be affected by this new legislation and unlikely to offer comparative performance information. It will be necessary before the 2012 direction is finalised to engage with the appropriate professionals to decide what changes will be required.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

- 10 The number of attendances per 1,000 population for:
- pools
  - other indoor sports and leisure facilities, excluding pools in a combined complex.

*This indicator continues to be relevant.*

- 11 The number of visits to/usages of council funded or part funded museums per 1,000 population and the number of those visits that were in person per 1,000 population.

*This indicator continues to be relevant.*

- 12 Library usage
- a) number of visits per 1,000 population
  - b) borrowers as a percentage of the resident population

Although this indicator does not cover the range of services offered by libraries it is relevant to one aspect of the service.

*This indicator continues to be relevant.*

- 13 The number of householder and non-householder planning applications determined during the year and the proportion of each that were dealt with within two months.

The distinction between householder and non-householder doesn't reflect how the Scottish Government defines and collects performance data.

*It is recommended that the current indicator should be amended in the 2011 Direction as follows:*

*"The number of planning applications (excluding major applications) determined during the year and the proportion of each that were dealt with within two months".*

The Scottish Government and Heads of Planning Scotland are working together to develop a new framework for measuring and reporting performance. As part of the review they propose to amend, for reporting year 2012/13, the two month target time for dealing with applications and replace it with an „average time“ to deal with planning applications.

*We will consult with the Scottish Government to ensure our definition reflects Scottish Government advice. It will be appropriate to review this indicator prior to the 2012 Direction.*

- 14 Response repairs to council houses:
- The number of response repairs completed during the year
  - The overall % of repairs completed within the target times
  - The repairs categories used by the council and the target times for each

General Comment for all housing indicators.

The Scottish Government is currently consulting on the Scottish Housing Charter. The charter will help ensure that tenants and other customers of social landlords receive continually improving services from them. Key themes from the charter include – it will set the outcomes and standards that all social landlords across Scotland should be achieving, and the new Scottish housing regulator will monitor, assess and report on how landlords are performing against the charter's outcomes and standards. The first charter will commence on 1 April 2012 and remain in place for five years. The consultation sets out broad areas of performance measurement, but has not yet prescribed what the outcome measures will be.

These changes may impact on the current housing statutory performance indicators and there will be a requirement to respond to and reflect any new outcome measures in future directions.

*We have consulted with the Scottish Government on our current housing indicators who believe the current set should continue for 2012/13, but we will need to review them prior to the 2012 Direction being issued (for 2013/14).*

15 The number and proportion of the council's housing stock meeting to the Scottish Housing Quality Standard by criteria.

Criteria	d) Number	e) Percentage
Tolerable standard		
Free from serious disrepair		
Energy efficient		
Modern facilities and services		
Healthy, safe and secure		
Total dwellings meeting SHQS		
Total number of dwellings owned by the council		

*It will be appropriate to review this indicator prior to the 2012 Direction.*

16 The total annual rent loss due to voids expressed as a percentage of the total amount of rent due in the year.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

17 Managing tenancy change

a) Stock which is **not low demand** - the number of dwellings that were re-let within the following time bands.

Void period	Number of houses relet
Less than 2 wks	
2 – 4 wks	
5 – 8 weeks	
9 – 16 weeks	
More than 16 weeks	

Average re-let times	days
----------------------	------

- b) **Low demand stock** - the number of dwellings that were re-let within the following time bands.

Void period	Number of houses relet
Less than 2 weeks	
2 – 4 weeks	
5 – 8 weeks	
9 – 16 weeks	
17 – 32 weeks	
33 – 52 weeks	
more than 52 weeks	
Average re-let times	days

- c) For low demand stock,
- i) the number remaining un-let at the year end
  - ii) the average period these dwellings had been un-let at the year end
- d) The number of dwellings considered to be low demand at the year end? (includes both void and occupied properties)
- e) The number at d) above considered to be low demand at the start of the year? (includes both void and occupied properties)
- f) The number at d) above that were not actively being re-let because they were subject to a disposal strategy.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

18 Housing Rent arrears

- Current tenant arrears as a percentage of the net amount of rent due in the year
- The percentage of current tenants owing more than 13 weeks rent at the year end, excluding those owing less than £250
- The proportion of those tenants giving up their tenancy during the year that were in rent arrears
- The average debt owed by tenants leaving in arrears, as a proportion of the average weekly rent



- The percentage of arrears owed by former tenants that was either written off or collected during the year.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

## 19 Homelessness

	Council duty to:	
	secure permanent accommodation for household	secure temporary accommodation, provide advice and guidance or take reasonable measures to retain accommodation
a i) Number of households assessed during year		
a ii) % of decision notifications issued within 28 days of date of initial presentation		
a iii) the % who are housed		
a iv) % of cases reassessed within 12 months of completion of duty		

b) The proportion of those provided with permanent accommodation in council stock who maintained their tenancy for at least 12 months.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

## 20 Domestic noise complaints

- a) The number of complaints of domestic noise received during the year:
  - i) settled without the need for attendance on site
  - ii) requiring attendance on site and not dealt with under Part V of the Antisocial Behaviour etc (Scotland) Act 2004
  - iii) dealt with under Part V of the Antisocial Behaviour etc (Scotland) Act 2004.
  
- b) For those in a)ii and a)iii above, the average time (hours) between the time of the complaint and attendance on site.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

21 The number of trading standards complaints and advice requests received, and the proportion completed within 14 days:

	Number received	% completed within in 14 days
Consumer complaints		
Business advice requests		

Consumer complaints guidance was issued in 1998 by the Office of Fair Trading. Nineteen of the 32 councils deal with at least three in every four complaints within 14 days.

The Scottish average for dealing with business advice requests within the target time is 96.6% and with the exception of one council all others deal with at least 9 in every 10 within time.

*This part of the indicator has achieved its objective of driving up performance and could now be deleted.*

22 The percentage of the road network that should be considered for maintenance treatment.

A relevant and important indicator to measure the condition of the road network. Councils are currently experiencing deterioration in the condition of the network through recent year's adverse winter weather, and also reducing council budgets to undertake remedial maintenance.

Councils have reported year-on-year deterioration in the road network. In 2008/09, 34% of the network was considered in need of maintenance treatment, for 2010/11 that figure had increased to 38% in need of maintenance treatment.

It will be important to monitor this very important asset and we will continue to consult with the Society of Chief Officers of Transportation in Scotland (SCOTS).

*This indicator continues to be relevant.*

23 The net cost per premises for:

- refuse collection
- refuse disposal

The net cost is calculated „less any income generated from commercial and domestic services for which charges are levied“. Councils have repeatedly requested that other income should be netted off the gross figures. Engagement with the professional group, have resisted any change on the basis that there are many forms of income for example, the sale of wheeled bins could be netted off, and as it was felt we would not be comparing like-with-like.

*It will be appropriate to review this indicator prior to the 2012 Direction.*

24 The percentage of municipal waste collected during the year that was recycled and composted

This continues to be an important performance indicator. SEPA also collect and publish this information.

The Scottish Government's proposals on Scotland's Zero Waste Plan will impact on this indicator.

*If there is view to reduce the burden on councils reporting the same information to different regulatory bodies this information could be obtained from SEPA. Hence this indicator could be deleted.*

25        The cleanliness index achieved following inspection of a sample of streets and other relevant land.

This information is collected and published by Keep Scotland Beautiful (KSB).

*If the view was to reduce the burden on councils reporting the same information to different regulatory bodies this information could be obtained from KSB. Hence this indicator could be deleted.*



# **Local Government Act 1992**

**Statutory Performance Indicators**

**Direction 2008**

Amended December 2011

(DRAFT)

## **Introduction**

*by John Baillie, Chair of the Accounts Commission*

The Accounts Commission has a statutory power to define the performance information that local authorities, including police and fire and rescue authorities, must publish locally. The power is intended to ensure that sufficient information is published to allow appropriate comparisons over time and between authorities. Each December, the Commission considers the performance information that it will direct authorities to report on in the following financial year.

In its 2008 Direction, the Commission made a significant change to its approach by offering flexibility for authorities to develop a broad set of comprehensive information for local communities, through their own public performance reports, alongside a shorter list of specific comparable indicators. Analysis of the two years of data since then shows that councils are making progress in providing comprehensive public reporting in line with the 2008 Direction. But there remains scope for further improvement, and the approach to and coverage of public performance reporting continues to be highly variable across councils.

The Commission has decided, therefore, to maintain the broad terms of the 2008 Direction. Councils, and police and fire and rescue services, will be expected to report against that for the 2011/12 financial year. The associated guidance has been amended to clarify definitions where necessary.

This Direction contains some minor amendments to existing indicators. The Commission is mindful, however, that there a number of areas of forthcoming legislation will impact on some of the current indicators, such as the UK Government's universal credit proposals on the benefits indicator, the Scottish Government Bill on self-directed support which will affect the home care indicator; and proposals for the Scottish Housing Charter which will affect the housing indicators.

In this context, the Commission intends to undertake in 2012 a more fundamental review of statutory performance indicators to ensure that they remain relevant and fit for purpose.

Meantime, the Commission has considered carefully the wider context in considering how it might best use its statutory powers on performance information. We are encouraged by the initiatives that the local government community is currently engaged in to improve performance information, including the development of local outcome indicators and a suite of benchmarking indicators covering costs and services. We have also examined developments in scrutiny and auditing, and the Scottish Government's approach to performance measurement.

The Commission believes that it is of the utmost importance for authorities to have performance information that will enable them to report effectively to local communities

and that will support robust decision-making about priorities. This is particularly the case in times of budget cutbacks.

We want to be able to use our statutory role to underpin performance reporting designed by authorities themselves, rather than impose an additional regime. We encourage the local government community to move forward quickly with its own performance information initiatives. It needs to implement and sustain the infrastructure that will be required to deliver an effective set of performance information. This needs to enable citizens and service users to understand how their services are performing. It must also enable comparison across authorities and over time, as required by the legislation.

We recognise that this is a considerable challenge, and will continue to engage with stakeholders as initiatives develop. We hope that we will see positive progress. If such progress can be demonstrated, this may enable the Commission in future Directions to consider requiring authorities to produce information that draws on their own local outcome indicators and benchmarking indicators alone. Ultimately, the Commission may be in a position to consider whether it needs to prescribe a set of specific indicators in future.

We wish you well and are grateful for your efforts during the coming year.

**John Baillie**

**Chair of the Accounts Commission for Scotland**

**December 2011**

**LOCAL GOVERNMENT ACT 1992**  
**THE PUBLICATION OF INFORMATION**  
**(STANDARDS OF PERFORMANCE) DIRECTION 2008**

1. This Direction is given by the Accounts Commission for Scotland (“the Commission”) under section 1(1)(a) of the Local Government Act 1992, which requires the Commission to direct relevant bodies to publish such information relating to their activities in any financial year or other specified period as will, in the Commission’s opinion:
 

**“facilitate the making of appropriate comparisons (by reference to the criteria of cost, economy, efficiency and effectiveness and of securing best value in accordance with section 1 of the Local Government in Scotland Act 2003) between –**

  - i. the standards of performance achieved by different relevant bodies in that financial year or other period; and*
  - ii. the standards of performance achieved by such bodies in different financial years or, as the case may be, other periods”*
2. This Direction is given to all local authorities and to joint committees and joint boards, as defined by the Local Government (Scotland) Act 1973, and amended by the Local Government etc. (Scotland) Act 1994.
3. Each of the bodies referred to in paragraph 2 shall, in accordance with section 13 of the Local Government in Scotland Act 2003 and associated regulations and guidance from Scottish Ministers:
  - a. publish the information specified in the schedule to this Direction for all those activities which are carried out by the body
  - b. ensure that publication facilitates the making of comparisons where appropriate and possible with performance in 2008/9.
4. The period for which the information must be published is the financial year ending 31<sup>st</sup> March 2010.
5. In determining the information to be reported, authorities should consider and, where appropriate, reflect:
  - i the criteria set out in 1a) above recognising the need to balance efficiency & effectiveness information with cost and economy information
  - ii achievement against their single outcome agreements with the Scottish Government
  - iii the performance reporting requirements of any other legislation

- iv indicators/measures in relevant suites or frameworks of performance information determined by government, regulatory agencies, professional associations or others
- v national standards and targets for service delivery
- vi local service priorities and objectives
- vii service user views.

6 In the schedule, the term "Best Value" shall be interpreted in accordance with the definition and requirements of Part 1 of the Local Government in Scotland Act 2003.

## **Schedule**

### **Councils**

#### **Corporate management**

SPI 1: Each council will report a range of information, sufficient to demonstrate that it is securing Best Value in relation to:

- responsiveness to its communities
- revenues and service costs
- employees
- assets
- procurement
- sustainable development
- equalities and diversity.

#### **Service performance**

SPI 2: Each council will report a range of information sufficient to demonstrate that it is securing Best Value in providing the following services (in partnership with others where appropriate):

- benefits administration
- community care
- criminal justice social work
- cultural & community services covering at least sport & leisure, museums, the arts and libraries
- planning (both environmental and development management)
- the education of children
- child protection and children's social work
- housing & homelessness
- protective services including environmental health, and trading standards
- roads and lighting
- waste management services

The range of information to be reported in SPIs 1 & 2 above will include achievement against the following specific indicators:

1 The average number of working days per employee lost through sickness absence for:



- Teachers
  - All other local government employees.
- 2 The number and percentage of the highest paid 2% and 5% of earners among council employees that are women.
  - 3 The number of council buildings from which the council delivers services to the public and the percentage of these in which all public areas are suitable for and accessible to people with a disability.
  - 4 The gross cost per case for benefits administration.
  - 5 The cost per dwelling of collecting Council Tax.
  - 6 The income due from Council Tax for the year, net of reliefs and rebates, and the percentage of that which was received during the year<sup>1</sup>
  - 7 The number of invoices paid within 30 calendar days of receipt as a percentage of all invoices paid.
  - 8 The proportion of operational accommodation that is:
    - in a satisfactory condition
    - suitable for its current use.
  - 9 Home Care
    - g) The number of people age 65+ receiving homecare
    - h) The number of homecare hours per 1,000 population age 65+
    - i) As a proportion of home care clients age 65+, the number receiving:
      - personal care
      - a service during evenings/overnight
      - a service at weekends.
  - 10 The number of attendances per 1,000 population for:
    - pools
    - other indoor sports and leisure facilities, excluding pools in a combined complex.
  - 11 The number of visits to/usages of council funded or part funded museums per 1,000 population and the number of those visits that were in person per 1,000 population.
  - 12 Library usage
    - a) number of visits per 1,000 population
    - b) borrowers as a percentage of the resident population

#### Changed indicator

- 13 The number of planning applications (excluding major applications) determined during the year and the proportion of each that were dealt with within two months<sup>2</sup>
- 14 Response repairs to council houses:

---

<sup>1</sup> Recommended for deletion

<sup>2</sup> Definition amended

- The number of response repairs completed during the year
- The overall % of repairs completed within the target times
- The repairs categories used by the council and the target times for each

- 15 The number and proportion of the council's housing stock meeting to the Scottish Housing Quality Standard by criteria.

Criteria	Number	Percentage
Tolerable standard		
Free from serious disrepair		
Energy efficient		
Modern facilities and services		
Healthy, safe and secure		
Total dwellings meeting SHQS		
Total number of dwellings owned by the council		

- 16 The total annual rent loss due to voids expressed as a percentage of the total amount of rent due in the year.

- 17 Managing tenancy change

- a) Stock which is **not low demand** - the number of dwellings that were re-let within the following time bands.

Void period	Number of houses relet
Less than 2 wks	
2 – 4 wks	
5 – 8 weeks	
9 – 16 weeks	
More than 16 weeks	
Average re-let times	days

- b) **Low demand stock** - the number of dwellings that were re-let within the following time bands.

Void period	Number of houses relet
Less than 2 weeks	
2 – 4 weeks	
5 – 8 weeks	
9 – 16 weeks	
17 – 32 weeks	
33 – 52 weeks	
more than 52 weeks	
Average re-let times	days

- c) For low demand stock,
- the number remaining un-let at the year end
  - the average period these dwellings had been un-let at the year end
- d) The number of dwellings considered to be low demand at the year end? (includes both void and occupied properties)
- e) The number at d) above considered to be low demand at the start of the year? (includes both void and occupied properties)
- f) The number at d) above that were not actively being re-let because they were subject to a disposal strategy.

## 18 Housing Rent arrears

- Current tenant arrears as a percentage of the net amount of rent due in the year
- The percentage of current tenants owing more than 13 weeks rent at the year end, excluding those owing less than £250
- The proportion of those tenants giving up their tenancy during the year that were in rent arrears
- The average debt owed by tenants leaving in arrears, as a proportion of the average weekly rent
- The percentage of arrears owed by former tenants that was either written off or collected during the year.

## 19 Homelessness

	Council duty to:	
	secure permanent accommodation for household	secure temporary accommodation, provide advice and guidance or take reasonable measures to retain accommodation
a i) Number of households assessed during year		
a ii) % of decision notifications issued within 28 days of date of initial presentation		
a iii) the % who are housed		
a iv) % of cases reassessed within 12 months of completion of duty		
b) The proportion of those provided with permanent accommodation in council stock who maintained their tenancy for at least 12 months.		

## 20 Domestic noise complaints

- a) The number of complaints of domestic noise received during the year:
- settled without the need for attendance on site
  - requiring attendance on site and not dealt with under Part V of the Antisocial Behaviour etc (Scotland) Act 2004
  - dealt with under Part V of the Antisocial Behaviour etc (Scotland) Act 2004.
- b) For those in a)ii and a)iii above, the average time (hours) between the time of the complaint and attendance on site.

Changed indicator

21 The number of trading standards complaints received, and the proportion completed within 14 days:<sup>3</sup>

	Number received	% completed within in 14 days
Consumer complaints		

## 22 The percentage of the road network that should be considered for maintenance treatment.

## 23 The net cost per premises for:

- refuse collection
- refuse disposal.

<sup>3</sup> Business requests element recommended for deletion

- 24 The percentage of municipal waste collected during the year that was recycled or composted<sup>4</sup>
- 25 The cleanliness index achieved following inspection of a sample of streets and other relevant land.<sup>5</sup>

### **Fire & Rescue Services**

SPI 3: Each Fire & Rescue service will report a range of information on its performance sufficient to demonstrate that it is securing Best Value in relation to:

- community fire safety
- intervention in response to emergency incidents
- staff
- equalities & diversity

The range of information to be reported will include the following specific information:

- a) Fire casualties
  - the number of incidents resulting in casualties per 10,000 population
  - the number of fatal and non-fatal casualties per 10,000 population.
- b) The number of accidental dwelling fires per 10,000 population.
- c) The average number of:
  - rider shifts lost due to sickness and light duties per fire officer
  - working days lost to sickness absence per employee for all other staff.

### **Police Services**

SPI 4: Each police service will report its performance in accordance with the requirements of the Scottish Policing Performance Framework.

---

<sup>4</sup> Recommended for deletion

<sup>5</sup> Recommended for deletion

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**REPORT BY THE CHIEF OPERATING OFFICER**

**AUDIT SCOTLAND'S CORPORATE PLAN 2012-2015**

---

**1. Purpose of report**

- 1.1 This report updates the Commission on the preparation of Audit Scotland's three-year rolling Corporate Plan and provides a copy of the plan for the Commission to consider in general terms against its strategic objectives.

**2. Background**

The corporate plan has been prepared in response to the following key events:

- The Accounts Commission strategy document, shared with the Audit Scotland Board in June
- Consultation with over 220 audited bodies and stakeholders on the Code of Audit Practice, which sets out the scope and requirements of audits over the next five years
- Consultation with and by the Accounts Commission on the programme of performance audits. The forward programme was also the subject of discussion with the Public Audit Committee of the Scottish and meetings were held with the Permanent Secretary, Directors General. The Commission met with COSLA and SOLACE. The forward programme was also the subject of a web-based consultation exercise and formal written engagement with the STUC. These led the Accounts Commission and the Auditor General to finalise the performance audit programme in September
- There was an engagement involving all Audit Scotland staff in reshaping the corporate strategy map over the summer, in a programme of events called the Connect Conferences.
- The Comprehensive Spending Review and the Government's response to the Christie Commission on the future of public services.

The Audit Scotland Board approved a streamlined approach to consultation based on consulting on the core components of the plan – the Code of Audit Practice and the performance audit programme – rather than on the plan itself.

The Accounts Commission has approved the fee levels for the 2011/12 audits which support the first year of the plan, and the SCPA (Scottish Commission for Public Audit) has recommended approval of the 2012/13 budget submission made by Audit Scotland.

The plan will be effective from 1 January 2012 to 31 December 2015 and will be updated annually. The plan will be available on Audit Scotland's website from late December.

**3. Recommendation**

The Commission is invited to endorse for its interest Audit Scotland's Corporate Plan.

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**COVER NOTE BY SECRETARY AND BUSINESS MANAGER**

**BEST VALUE AUDIT: CENTRAL SCOTLAND FIRE AND RESCUE**

---

**Purpose**

1. The purpose of this paper is to introduce the report of the Best Value audit of Central Scotland Fire and Rescue. The Commission is invited to consider the report and decide which of the options for action it wishes to take.

**Background**

2. At its meeting in April this year, the Accounts Commission approved a programme of Best Value audits to be carried out on each of the eight Scottish fire and rescue services and authorities. These reports are being prepared by the Controller of Audit in accordance with Section 102(1) of the Local Government (Scotland) Act 1973. It was agreed that these audits would be more targeted and focused than other Best Value audits, with an emphasis on local accountability. At its last meeting in November, the Commission noted an update on the progress of the audit programme, and noted a timetable for the programme of audits, including a national overview report at the end of the eight audits.
3. Section 25 of the Local Government in Scotland Act 2003 makes provision for the Chief Inspector of Fire Services in Scotland to report to Scottish Ministers on whether a local authority (or joint fire board) is carrying out its functions as a fire authority so as to comply with its Best Value duties under the Act. The Fire (Scotland) Act 2005 provides for the appointment by Her Majesty of a Chief Inspector of Fire and Rescue Authorities who, when directed by Scottish Ministers, may enquire into and report to them on the state and efficiency of relevant authorities (including how they are carrying out any of their functions under the Act). These functions largely relate to operational delivery of fire and rescue services. The Chief Inspector is the head of the Scottish Fire and Rescue Advisory Unit (SFRAU).
4. The legislation provides for joint reporting between the Commission and the Chief Inspector of Fire and Rescue Authorities, in a similar fashion to that adopted for the police Best Value audits. Current resourcing within SFRAU, however, does not provide sufficient capacity for a joint audit and inspection model to be adopted for fire and rescue. Unlike our Best Value work in police, therefore, these are not joint reports with Her Majesty's Chief Inspector. Audit Scotland has though been working closely with the Chief Inspector and his staff throughout the programme of audit work.

**The report**

5. This report and that for Tayside Fire and Rescue are the first two in the audit programme. It is also being sent to the Clerk of the Joint Fire and Rescue Board, which is comprised of elected members from the three constituent councils – Clackmannanshire, Falkirk and Stirling. The Clerk of the Board is required to supply a copy of the report to each member of the Board and to make additional copies available for public inspection.

6. 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**

7. The Controller of Audit and members of the audit team from Audit Scotland will be present at the Commission meeting to answer questions.
8. 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.
9. 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.
10. 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.

### **Media**

11. Once the report is sent to the fire board and the fire and rescue service 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.

### **Conclusion**

12. The Commission is invited to:
  - consider the report by the Controller of Audit on the Best Value audit of Central Fire and Rescue; and
  - decide how it wishes to proceed.

Paul Reilly  
Secretary and Business Manager  
1 December 2011

# **Audit of Best Value**

## **Central Scotland Fire and Rescue**



Prepared for: the Accounts Commission  
December 2011



---

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.

---

# Contents

<b>Introduction</b> .....	<b>2</b>
<b>Summary</b> .....	<b>4</b>
<b>Context</b> .....	<b>6</b>
<b>Governance and management</b> .....	<b>7</b>
Vision and Strategic Direction .....	7
Partnership Working.....	8
Scrutiny, performance management and improvement .....	10
<b>Use of Resources</b> .....	<b>12</b>
Financial management.....	12
Workforce management.....	13
Asset management .....	15
<b>Service Performance</b> .....	<b>17</b>
Service costs.....	17
Prevention .....	17
Emergency response .....	20
Number of fires and casualties.....	20
Special services .....	22
False alarms .....	22
Emergency response standards .....	23
<b>Improvement Agenda</b> .....	<b>25</b>

# Introduction

1. Local authorities in Scotland, including fire and rescue, have a statutory duty to deliver best value in their services. This requires them to establish management arrangements, aimed at securing continuous improvements in their performance while maintaining an appropriate balance between quality and cost
2. Since 2004, Audit Scotland has carried out audits of Best Value in each of the 32 councils in Scotland and in most police authorities. These audits have helped to improve performance and accountability in local government and have brought unsatisfactory performance to the public's attention through the public reporting process.
3. The responsibilities of fire and rescue services have changed significantly over the past decade. In 2003, all Scottish services were required to produce Integrated Risk Management Plans (IRMP), identifying the level of local risks and determining the appropriate allocation of resources. The Fire (Scotland) Act 2005 introduced further changes, placing a strong emphasis on prevention rather than simply emergency response.
4. Some aspects of Best Value in fire and rescue have been covered in earlier Accounts Commission reports, particularly the *Scottish Fire Service: verification of the progress of modernisation*, published in 2004, and *Review of Service Reform in Scottish Fire and Rescue Authorities*, published in 2007. So far, however, there has not been any dedicated audit, covering all key aspects of Best Value.
5. Following a formal consultation with stakeholders in late 2010, the Accounts Commission decided that the audit of Best Value should be extended to fire and rescue. With the Scottish Government signalling a potential restructuring of the services, however, it was recognised that the audit needed to be proportionate, seeking to identify the key strengths which should be retained in a future structure and any significant weaknesses which needed to be resolved. Subsequently in September 2011, the Scottish Government announced its commitment to deliver a single Fire and Rescue Service for Scotland and published its outline business case. Between October and November 2011 it published a further consultation paper, *Keeping Scotland Safe and Strong*, on how the future service will work in practice. The outcome of this consultation process is not yet known.
6. During 2011, audits are being carried out at each of the eight Scottish fire and rescue services and authorities. These are seeking to focus on core issues, such as strategic planning, the role of members, financial management, and service performance and costs. These local reports, which will support improvement and local accountability, will be followed by the publication of a national overview report in 2012. A number of best value issues, including equalities, sustainability and procurement have not been covered directly in the scope of the local audit work. These, along with a range of other issues, will be covered in the national overview report.

7. We carried out the Best Value audit of Central Scotland Fire and Rescue (CSFR) during May and June 2011. We gratefully acknowledge the co-operation and assistance provided to the audit team by the chief fire officer, Kenny Taylor; the convenor of the joint board, Councillor Alan Nimmo, and all other elected members and staff involved.

# Summary

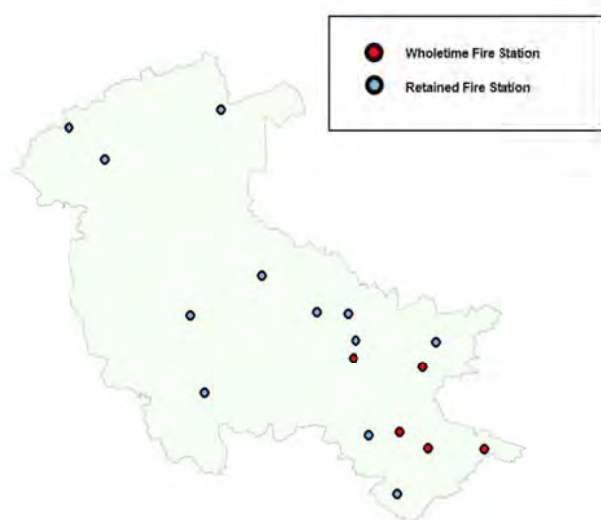
8. Central Scotland Fire & Rescue provides an effective and low cost emergency response service. Over the past ten years there has also been a significant fall in the number of fires and related deaths and injuries in the area it serves. Its cost per head of population has remained below the Scottish average, with significant reductions in staff numbers and costs made in recent years.
9. There are strengths in some of the organisation's management arrangements, particularly those relating to workforce management. Its workforce has been streamlined, a staff appraisal system has been introduced and sickness absence levels are the lowest in Scotland. There is a strong emphasis on health and safety, with important improvements made in the arrangements for maintaining the skills of retained firefighters. It also been able to make significant cuts in its expenditure.
10. Central Scotland Fire & Rescue demonstrates a clear commitment to partnership working. It takes part in a range of community safety initiatives aimed at educating young people and shares some facilities with local police and ambulance services. There remains scope for greater coordination and scrutiny of partnership work to evaluate its impact in reducing risks and saving lives.
11. However, several key aspects of Best Value are not fully established within Central Scotland Fire & Rescue. While the board has appropriate governance arrangements, members provide a limited role in helping to set the organisation's strategic direction, prioritising its use of resources and in monitoring and scrutinising its progress in delivering its objectives. Integrated risk management planning is used at a local level to help drive the use of resources, but it is not used to provide a clear strategic overview of community risks and the action being taken to mitigate them.
12. Central Scotland Fire & Rescue's fire prevention work lacks a clear strategy. It carries out a relatively high level of statutory fire audits in non-domestic premises but a low number of home fire safety visits. It is improving the way it targets preventative work towards risk groups, although it can better share risk information with partners to improve this further. After many years of decreases, the number of fires within Central Scotland has increased during the past two years, in contrast to the national trend. This highlights the need for an increasing focus on fire prevention.
13. Performance management has been weak. The Service Development Plan sets out a programme of actions which are linked to its strategic aims, but it lacks measurable objectives against which success in delivering its vision can be judged. Until recently, performance monitoring has been limited and has not been used, at a strategic level, to help inform scrutiny and drive improvements. Managers have recognised these weaknesses and have now started to establish a more comprehensive performance management framework. Similarly, they have started to address significant weaknesses in asset management and information and communications technology (ICT).

14. The pace of change has been slow within Central Scotland Fire & Rescue, with many of its weaknesses having been raised by the Accounts Commission in 2006. The board and senior managers are aware of the issues facing them and more importantly, have recently shown a willingness to make difficult decisions to address them.

# Context

15. Central Scotland Fire & Rescue is one of the smallest fire and rescue services in Scotland, serving a population of around 286,000 across 1,015 square miles in the Falkirk, Stirling and Clackmannanshire Council areas. This represents 5.5 per cent of Scotland's population and 3.4 per cent of its area.
16. While this area is relatively small, it is diverse; covering densely populated urban areas in the central belt to sparsely populated and remote rural areas in the Trossachs. As well as containing comparatively affluent areas, it also contains significant pockets of deprivation with heightened fire risks. The area also contains one of Europe's largest petrochemical complexes at Grangemouth which, along with the docks and timber yards, make it one of the largest fire risks in Scotland.

## Exhibit 1: Staffing and fire stations in Central Scotland



	Central Scotland		Scotland
	No.	%	%
Wholetime	231	56	50
Retained	119	29	34
Other	61	15	16
Total	411	100	100

Source: SFRAU

17. Central Scotland Fire & Rescue spent £14.6 million in 2010/11, employing 411 staff (full time equivalent), including 231 wholetime and 119 retained firefighters. As well as its headquarters in Maddiston, near Falkirk, these are based in 17 fire stations throughout the area. Of these, five are staffed by wholetime fire crews (Stirling, Falkirk, Larbert, Alloa and Bo'ness) with the remaining 12 staffed by retained fire crews (Exhibit 1). It has 34 fire appliances. Most of these are standard fire engines, although it has some specialist appliances for instances such as water rescue and urban search and rescue.
18. Central Scotland Fire & Rescue is governed by a Joint Fire and Rescue Board (the board) that comprises 11 councillors from Clackmannanshire, Falkirk and Stirling Councils. The board meets five times per year, and is supported by the Best Value & Scrutiny, and Resources and Joint Consultative subcommittees.

# Governance and management

## Vision and strategic direction

Central Scotland Fire & Rescue's approach to Integrated Risk Management Planning (IRMP) does not provide a clear overview of community risks and its planned use of resources. Risk analyses are used to inform changes in resources, but these tend to be at local station, rather than at a strategic, level. Members of Central Scotland Joint Fire and Rescue Board need to provide greater strategic oversight of the service in fulfilling their governance and scrutiny role.

19. Central Scotland Fire & Rescue's strategic objectives are clearly set out in its annual service development plan (SDP) (Exhibit 2). Within its SDP there is a clear programme of risk based actions linked to each strategic aim, but lacks measurable objectives against which success in delivering its vision can be judged.

---

### Exhibit 2: Central Scotland Fire & Rescue's strategic objectives

- Protecting our community
- Influencing community behaviour
- Reducing our impact on the environment
- Providing good value for money to our communities
- Acting as a good employer

*Source: Central Scotland Fire & Rescue, Service Development Plan 2010/11*

---

20. Central Scotland Fire & Rescue has integrated its approach to risk management planning (IRMP) within its SDP risk based. It uses its community risk register as a focus for developing its annual objectives, although the links between this and its SDP are not clear.
21. It has used its IRMP framework, underpinned by risk analysis using Fire Services Emergency Cover (FSEC), to inform some resource changes, for example, upgrading Larbert fire station from retained to wholetime, primarily to provide a better response to the new Falkirk Royal Infirmary. It also used risk analysis to develop proposals for two single pump stations in Stirling rather than the current two pump station, despite this not going ahead due to prolonged delays in major housing development.
22. Central Scotland Fire & Rescue recognises its SDP does not provide a complete strategic overview of the key risks facing the community, planned measures to mitigate these risks and how this influences its use of its resources. It is working to more directly link information on the risks to, and the make up of, its communities to its work plans.
23. In 2009/10, it extended its IRMP framework with the introduction of risk profiles for its five whole-time fire stations. These describe risks relevant to the area, for example, hospitals,



care homes, schools, flooding and industrial risks, etc., but the nature of the specific risks facing each station and how they determine local priorities is not clear. Station risk profiles contain targets for home fire safety visits, but these are standard across all five stations, and would benefit from being tailored towards the specific local context and risks. Beyond these targets, the risk profiles do not serve as a useful management tool as there are no station specific actions or targets.

24. Station risk profiles do include activity statistics that help inform how resources have been used. These relate to 2008/09, and are yet to be updated since the profiles were developed. To ensure the risk profiles provide a more useful tool to support discussion with partners and communities it is important that they are kept up to date. Central Scotland Fire and Rescue plans to extend risk profiles to the remaining retained stations over the next year. This will be a potentially positive development in targeting the training needs and work of retained stations.
25. In recent years, Central Scotland Joint Fire and Rescue Board has taken steps to strengthen its leadership role. Members have been playing a more active role in determining the organisation's strategic direction, although there remains scope for them to have a greater strategic oversight of the service and to engage in strategic discussions around desired outcomes.
26. Four members of the joint board act as thematic “champions” in the areas of operations, community safety, health and safety and equal opportunities. The purpose of champions is to take on a specific role in: representing the board at service forums/management groups; contributing to discussion and monitoring of issues in their area of responsibility; and providing feedback to the board to supplement the chief fire officer’s written reports. Champions take an active involvement in their areas of interest, visiting front line staff and developing a good understanding of their subject. The principle of the champion role is positive in strengthening governance, however, the value that the champion role has added in influencing strategic direction and scrutinising performance in order to help drive improvements is not significant. As such, the champion role can be developed further.

## Partnership working

**Central Scotland Fire & Rescue demonstrates a clear commitment to partnership working, but there is little coordination or scrutiny of this work by board members. The service takes part in a range of community safety initiatives aimed at educating young people, but can better evaluate the impact this work has in reducing risks and saving lives. There are examples of shared facilities with local police and ambulance services, but only limited examples of shared services with other fire and rescue services.**

27. Fire and rescue services work through a range of partnership arrangements. They plan for civil contingencies with public and private sector partners through Strategic Coordinating Groups (SCGs). Prevention activity is typically delivered through community safety partnerships, working with local authorities, police, health, social landlords and the voluntary sector and sharing information on individuals at risk is key to ensuring prevention activity is

most appropriately targeted. Fire and rescue services also deliver their response services in conjunction with other emergency services such as police, ambulance service, coast guard and mountain rescue. Individual fire and rescue services also work with other fire and rescue services, typically to provide cross-border response services or contributing to national resilience for major incidents.

28. There is a clear commitment within Central Scotland Fire & Rescue to working in partnership with other local organisations, particularly through the three community safety partnerships established for the Falkirk, Stirling and Clackmannanshire Council areas. Senior officers from Central Scotland Fire & Rescue are active members in each of these partnerships as are members of the constituent councils. Only one community safety partnership has representation from a member of the joint fire and rescue board. Whilst members' representation on partnerships is not essential, there is a need to strengthen the joint board's coordination and scrutiny of this partnership work.
29. Central Scotland Fire & Rescue plays an active role in a range of local partnership activities that help promote a greater awareness of safety issues amongst the local community. For example, it is a key player in the 'Safe Drive, Stay Alive' project, aimed at young car drivers. Similarly, with 'Crucial Crew', it works with local schools, police, ambulance and voluntary bodies to help educate Primary 7 children on risks that they might face. Another project, 'Act Safe, Keep Safe', is targeted at young people at risk of being excluded from the education system. These initiatives have the potential, among other things, to save lives and reduce future demands on fire and rescue services. An annual review of 'Safe Drive, Stay Alive' is carried out to help continuously improve this major prevention initiative. Beyond that, there has been no evaluation to determine whether partnership initiatives deliver the desired outcomes and make best use of available resources.
30. Central Scotland Fire & Rescue also works closely with partners in planning for civil contingencies. It takes part in the Central Scotland Strategic Coordinating Group, which carries out high level risk planning for major incidents which could disrupt the area. For example, there is an active partnership at the Grangemouth petro-chemical works, involving police, local authority and industry representatives. All of this activity is summarised in the Central Scotland Community Risk Register (CSCRR), setting out the major risks facing the area and the action taken by each partner to manage these risks. At an operational level, however, it is difficult to see how the risks identified in the CSCRR inform the risk profiles and resourcing of individual fire stations.
31. There are also other examples of successful partnership working at a more operational level, aimed at generating efficiencies. For example, a vehicle maintenance service is shared with Central Scotland Police. In addition, local stations are shared with the Scottish Ambulance Service in Larbert and Callender and proposals are now being considered to share stations at Aberfoyle and Bridge of Allan with the police.
32. Central Scotland Fire & Rescue also works in partnership with neighbouring fire and rescue services, particularly in providing additional resources for emergency responses. This forms

part of resource planning with, for example, increases in its mobilisation arrangement in Alloa and Larbert to take account of reduced cover in neighbouring areas of West Fife.

33. There are no significant shared services with other fire and rescue services. Many options have been explored, with initial investigations carried out into 19 areas of possible collaboration and four of these subject to a detailed appraisal. The cost of the human resources (HR) service, for example, was expected to have been halved by shared arrangements with Fife and Tayside. Despite significant investment of management time and resources by all parties, this work has not been implemented, largely as a result of it being overtaken by work on the national reform agenda.

## Scrutiny, performance management and improvement

**Central Scotland Fire & Rescue has not had a strong culture of improvement, with significant weaknesses in performance monitoring and scrutiny by elected members and no strategic approach to self-assessments to help drive improvements. A performance management framework has recently been introduced to help address some of these concerns.**

34. There has not been a strong organisational culture of improvement within Central Scotland Fire & Rescue. Many of the issues raised in Audit Scotland's 2006 report have still not been addressed effectively. For example, its draft human resources strategy has yet to be finalised and weaknesses in performance management have only begun to be addressed very recently.
35. Performance management and scrutiny has been weak. While a wide range of operational monitoring is carried out, performance monitoring has not been used effectively at a strategic level to identify areas of under performance and to help drive improvements. The range of performance information routinely monitored by senior managers and reported to board members and the public has been limited and infrequent. For example, no performance reports were presented to the scrutiny committee between April 2009 and March 2011.
36. Managers have recognised the importance of improving performance management and, in November 2010, established a performance management framework. More detailed, quarterly monitoring reports are now being reviewed by the senior management team and by the scrutiny committee. Whilst this demonstrates a positive improvement, the implementation of the performance management framework is still in its early stages. As such, there remains scope for including more comprehensive performance information against which the success of objectives can be measured. For example, they lack information on automatic fire alarms (AFAs) which represent the bulk of calls or operational assurance and would be strengthened by more qualitative information and benchmarks with other fire and rescue services. Members are however, provided with annual monitoring information for the indicators that the service contributes to in each of the Single Outcome Agreements (SOAs) for the three constituent councils.

37. There are also weaknesses in the scrutiny of performance by board members. To some extent, this reflects the weaknesses that have existed in performance monitoring and reporting. Members provide strong, independent challenge on specific operational issues, such as the maintenance of buildings and replacement of vehicles, and they do monitor budgets effectively. However, they provide little challenge on monitoring more strategic issues, such as the implementation of IRMP, the deployment of resources to match identified risks, or on the achievement of strategic aims.
38. Performance management is stronger at an operational level, with a range of activity reports monitored at station level. Central Scotland Fire & Rescue also carries out debriefs for all significant incidents, seeking to identify weaknesses in working arrangement or crew performance. However, there are also gaps in operational performance management. There is currently no consistent system of operational audits or quality assurance, to proactively ensure that stations are complying with standards. Central Scotland Fire & Rescue are aware of these gaps in their arrangements and have plans to address them over the next year.
39. Central Scotland Fire & Rescue also lacks a systematic approach to using self-evaluation or review to help drive improvements in service delivery. Although it is now taking action to improve the service, for example implementing a management restructure, much of this has been driven by budget constraints. The absence of a systematic improvement programme has contributed to longstanding areas for improvement having not been addressed.

# Use of resources

**Central Scotland Fire & Rescue manages its financial and human resources well, but there are significant weaknesses in its systems for managing assets and information communications technology (ICT). It is generating greater efficiency from its human resources to deliver better value services but is not yet able to demonstrate efficiency from its other assets. The joint board's oversight and scrutiny of the use of resources is underdeveloped.**

40. Central Scotland Fire & Rescue has been developing a greater focus on reducing cost and improving efficiency. It has effective financial controls and well-established processes for setting and monitoring budgets, but lacks effective plans and strategies to best manage its workforce and assets within the budgets available.
41. Members of the joint board approve and monitor the service revenue budget and capital programme. The board regularly scrutinises financial performance and its champions are playing an increasingly active role in examining other operational resource issues, such as health and safety and equality and diversity. This is particularly evident through the Resources and Joint Consultative subcommittee. However, the long-standing absence of systematic approaches to managing important resources highlights that the joint board's oversight and scrutiny of the use of resources is a significant area for development. It needs to address this to meet its Best Value duties and to deliver savings and efficiencies for Central Scotland as funding reduces across the public sector.

## Financial management

**Central Scotland Fire & Rescue currently has a sound financial position and steps have been taken to meet budget cuts for 2011/12.**

42. Central Scotland Fire & Rescue currently has a sound financial position, with reserves of £2.2 million. However, it is now facing significant financial challenges. Its revenue budget for 2011/12 has been set at £14.9 million which, after adjusting for pension costs and lump sum payments, represents a cut of around five per cent compared to the previous year. A range of short-term efficiency measures, such as reductions in overtime and managing vacancies have been identified by management in order to meet this reduced funding. These have already generated reported savings of £0.8 million in 2010/11.
43. Consistent with projected cuts in future public sector funding, Central Scotland Fire & Rescue has developed a budget reduction strategy for the coming years. At the time of our audit, a number of further efficiency measures, such as a new shift system or charging for some services, were being considered to meet projected budget cuts of around four per cent in each of the next four years. The willingness to tackle these difficult issues to deliver savings is a very positive move towards achieving better value services. During the transition period to the creation of a single fire and rescue service in 2013, it is important that there is a clear

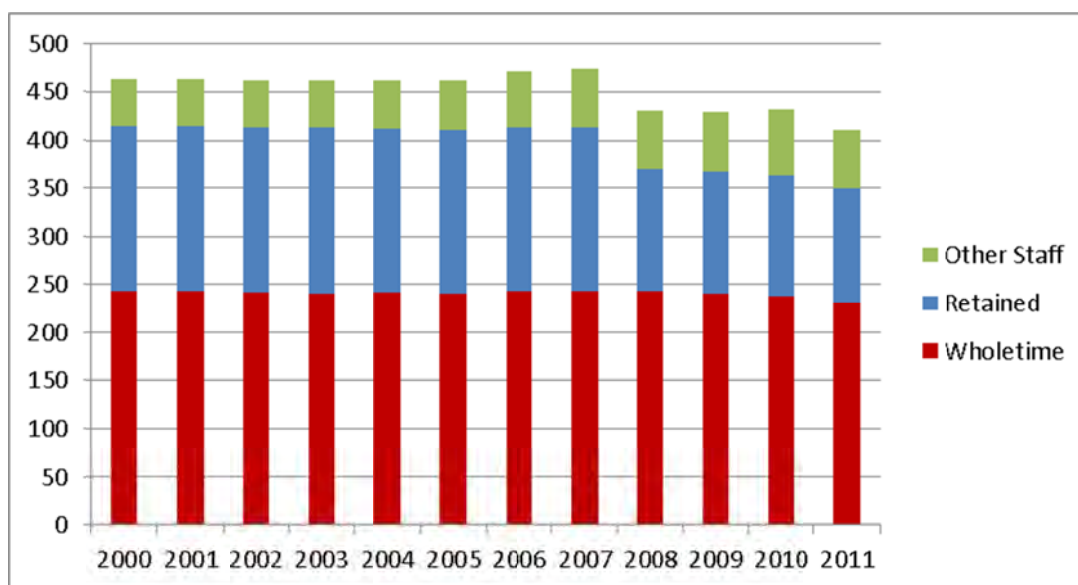
approach to managing resources and that the joint board maintains appropriate financial oversight of Central Scotland Fire & Rescue.

## Workforce management

**Central Scotland Fire & Rescue has an effective approach to workforce management. An organisational restructuring has reduced the number of senior managers and support staff. Over the past four years, there has also been a significant fall in the number of firefighters. A staff appraisal system has been introduced, although it does not yet apply to principal officers or retained firefighters. It demonstrates a strong commitment to health and safety, with significant improvements made to the training for retained firefighters. Its sickness absence levels are the lowest in Scotland.**

44. Central Scotland Fire & Rescue does not have an overall workforce strategy, to ensure that the number, grade, location, and training of staff are in line with its service priorities, but it does have a managed approach to restructuring and reducing the size of the workforce in light of reducing resources. A number of important workforce policies and changes have been implemented over the past year to generate savings. A management restructure has reduced the number of senior managers, six support posts have been deleted, and further support and firefighter posts have remained vacant. Over the past four years, there has also been a significant reduction in the size of the workforce, reflecting the long term fall in the number of fires and changes in risks. This reduction is particularly noticeable in the number of retained firefighters, which has fallen from 170 in 2007 to 119 in 2011 (Exhibit 3).

**Exhibit 3: Central Scotland Fire & Rescue, staff numbers (full time equivalent)**

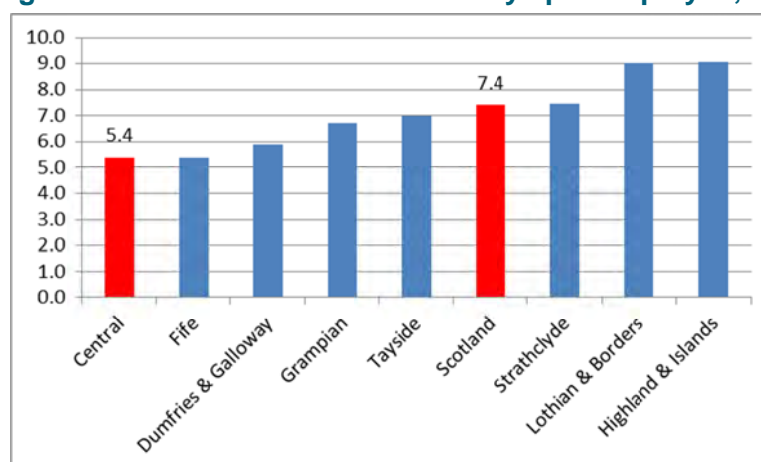


Source: CIPFA

45. A staff appraisal system was introduced during 2010, linking training needs with the performance of individuals and with service and business objectives. This aims to cover all

staff, but it does not apply to the chief fire officer and his two directors, or to retained duty firefighters.

46. Staff are provided with appropriate training and their skills regularly maintained. A Learning and Development Procedure for Firefighters has recently been implemented, helping to standardise the training provided. Responsibility for managing the delivery of training to whole-time firefighters is fully devolved to station level and is prioritised according to local risks identified in the station plans. Coaching is also available for senior managers during their first 100 days in post to support them in their leadership role.
47. Each retained station now has a whole-time station manager dedicated to overseeing the coverage and quality of training programmes. Evidence suggests that this is having a positive impact on the competence demonstrated by retained firefighters when responding to emergencies. However, there are still some challenges in delivering the training and development for retained firefighters. The absence of local risk profiles for retained stations means that training is generic, rather than driven by local risks. There may also be a need to consider increasing the time currently dedicated to retained firefighter training. Retained staff that we met with expressed some concerns that their locally-contracted level of two hours per week was not sufficient to meet their increased range of responsibilities and maintain health and safety standards. Some other fire and rescue services provide three hours of training each week for their retained firefighters.
48. Central Scotland Fire & Rescue has a strong commitment to health and safety. It has a dedicated Health and Safety Advisor, its policy was updated in early 2011, and a board member acts as a health and safety 'champion'. Regular six-monthly health and safety updates are provided to the Resources and Joint Consultative Committee. It has also drawn up a local action plan to address the issues raised in the recent UK-wide review of fire services carried out by the Health and Safety Executive's (HSE). This strong commitment looks to have had a positive impact, with the annual number of firefighter injuries falling from 30 to 23 over the past three years.
49. There is also an effective approach to managing sickness absence, with a clear absence management policy and an effective occupational health service. In recent years, Central Scotland Fire & Rescue has consistently maintained low levels of sickness absence. It recorded an average of 5.4 days per employee in 2010/11, the lowest of all the fire and rescue services in Scotland. (Exhibit 4).

**Exhibit 4: Average number of sickness absence days per employee, 2010/11**

Source: Audit Scotland Statutory Performance Indicators

## Asset management

**Central Scotland Fire & Rescue does not have a systematic, corporate, approach to managing its assets. Overall, however, we found no significant concerns about the suitability of operational equipment or the maintenance of property. In 2005/06, it invested heavily in two aerial rescue pumps (ARPs) to deliver improved efficiency, but these were unsuitable for use. It has under invested in ICT in recent years but is now seeking to address this.**

50. Central Scotland Fire & Rescue does not have a systematic, corporate approach to managing its assets, providing a clear link between its service priorities and its capital investment. It has information on the condition of some of its assets, such as property and appliances, but it does not have a comprehensive asset register. Similarly, while it has separate plans for maintaining buildings and equipment, there is no unified asset management plan. These weaknesses were raised by Audit Scotland in 2006. The need for robust asset management arrangements is recognised in the Service Development Plan, with a commitment to address the issue during 2011/12.
51. This lack of management information makes it difficult for our audit to assess the condition of its buildings and equipment. However, in meetings with front line staff and their representatives, we found no significant concerns about the suitability of operational equipment or the maintenance of property. As part of a programme of efficiency savings, the operational life of fire appliances has been extended from 12 to 15 years. However, we found no concerns expressed about their maintenance or effectiveness.
52. Central Scotland Fire & Rescue owns two aerial rescue pumps (ARPs), purchased in a 'spend to save' initiative in 2005/6 for over £0.8 million. The specification of these vehicles has proved to be unsuitable for operational use and Central Scotland Fire & Rescue has now put them up for sale.



53. Central Scotland Fire & Rescue has acknowledged that it has under-invested in IT during recent years. It has identified around 50 areas where IT systems need to be better developed and integrated to improve the accessibility and reliability of data. It has now formed an IT steering group, with a prioritised action plan to address these issues. This will be an important area to consider over the next few years within the context of a new national structure.

# Service performance

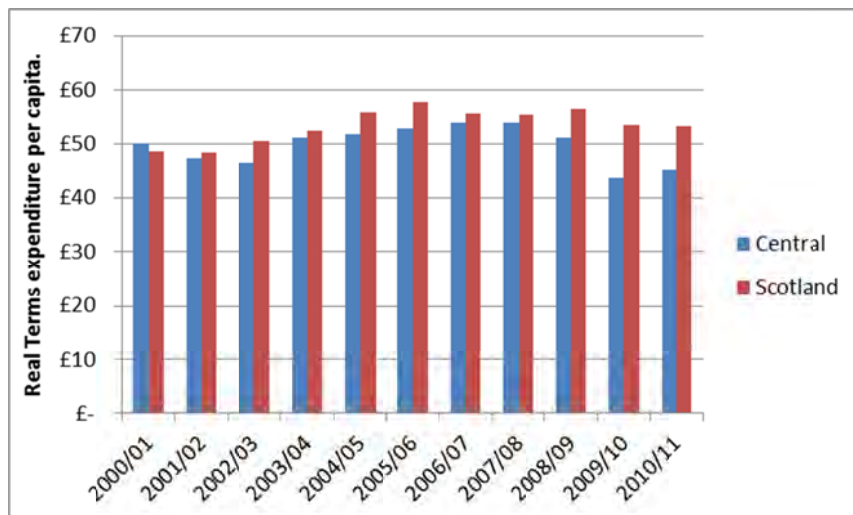
Central Scotland Fire & Rescue provides an effective and low cost emergency response service. However, it lacks a clear focus on prevention. While it carries out a relatively high level of fire safety audits in non-domestic premises, it carries out very low numbers of home fire safety visits. This work has not been strongly targeted by risk assessments, although this is now starting to be addressed. In line with national trends, there have been significant falls in the number of fires, although these have increased slightly over the past year.

## Service costs

Central Scotland Fire & Rescue provides a relatively low cost service. Its operating costs are below the Scottish average and, in real terms, have reduced by around five per cent over the past three years.

54. Central Scotland Fire & Rescue's operating costs per capita are the third lowest in Scotland. In 2010/11, excluding pension costs, it spent £50 per head of population, below the Scottish average of £53 (Exhibit 5). This may simply reflect the specific needs of the area it serves. However, over the past decade, there have been only modest increases in its expenditure. In turn, over the past four years, its costs have fallen. Reflecting the decrease in the size of its workforce, its costs have fallen by around five per cent in real terms since 2007/8.

Exhibit 5: Real terms costs per head of population, 2000/01 to 2010/11



Source: CIPFA data adjusted by HM Treasury GDP deflator

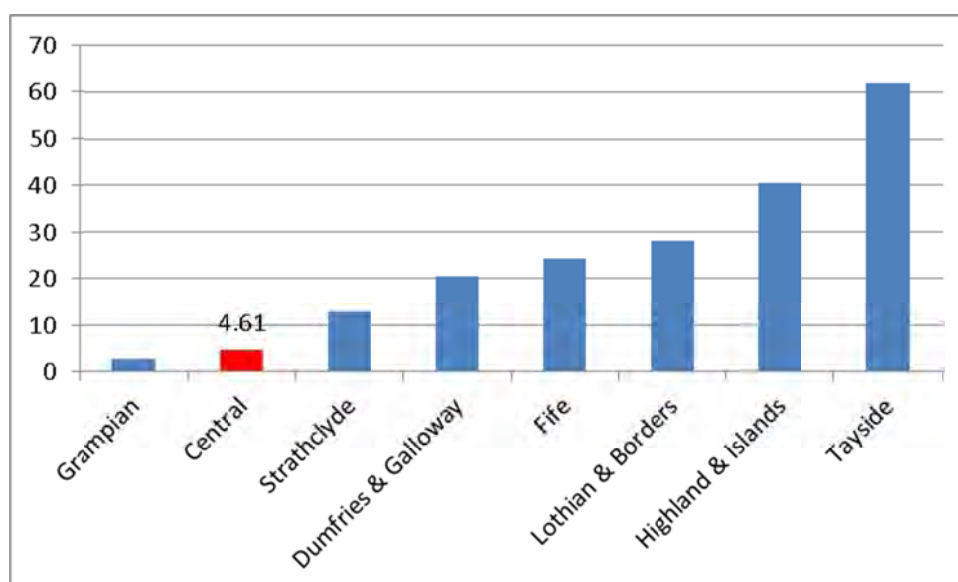
## Prevention

Central Scotland Fire & Rescue does not have a clear strategy to direct its preventative work. It delivers a high level of prevention activity to non-domestic premises but a low

**number of home fire safety visits (HFSVs). It has begun to target its HFSVs towards individuals at greatest risk but this needs to be developed further.**

55. A key feature of the introduction of IRMP and the Fire (Scotland) Act 2005 was an increased emphasis on preventative work. Central Scotland Fire & Rescue does not have an up to date community safety strategy and lacks a clear approach to its preventative work. In broad terms, however, it seeks to meet its preventative responsibilities through home fire safety visits, statutory fire audits, and various community safety education projects.
56. Compared with other fire and rescue services, Central Scotland Fire & Rescue carries out a low number of home fire safety visits (Exhibit 6). Options to increase the level of this work have been explored over the past year, but there has not yet been any clear improvement. A scheme for using retained firefighters to carry out some visits was piloted in 2010 but has not yet progressed further. In line with the national report *Scotland Together* consideration is also now being given to recruiting voluntary staff but again this has not yet been implemented.

**Exhibit 6: Home Fire Safety Visits per 1,000 dwellings, 2009/10**



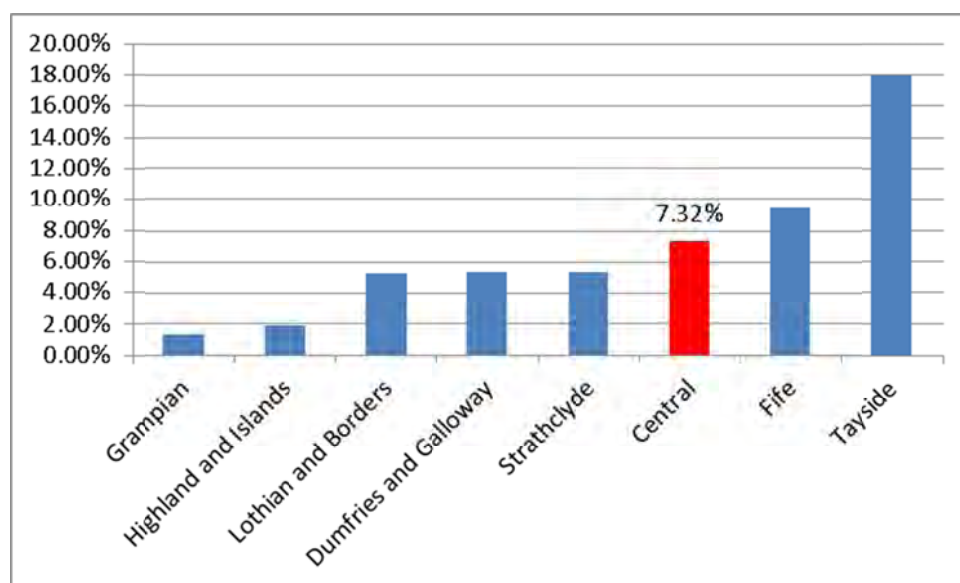
Source: CFOAS Performance Indicators 2009/10

57. Targeting HFSVs towards those individuals at most risk is of great importance in maximising the potential impact of preventative work. There has generally been little targeting of this work towards high risk areas in Central Scotland. In previous years, the completion of home fire safety visits has been predominantly reactive to requests from the public and “hot strikes” carried out in surrounding properties immediately after a fire has occurred, rather than driven by clearly identifies risks.
58. A more proactive, risk-based approach is now being taken to HFSVs. In 2010, a Vulnerable Persons Referral (VPR) scheme was established in partnership with Central Scotland Police, helping to identify individuals who represent a higher level of risk. The VPR scheme is still at a relatively early stage but now generates around 20 per cent of the HFSVs carried out. The service is looking to build on this further by targeting a greater proportion towards risk. In

better targeting its HFSV activity, Central Scotland Fire & Rescue has indicated that it expects its number of visits to fall. However, comparing prevention activity levels with other fire and rescue services indicates capacity to significantly increase activity in home fire safety visits across Central Scotland.

59. A key challenge in targeting prevention activity for all fire and rescue services is sharing information with partners to identify those people most vulnerable to fire. Beyond its VPR scheme with Central Scotland Police, this is an area for Central Scotland Fire & Rescue to develop further.
60. Central Scotland Fire & Rescue has a stronger record in carrying out statutory fire audits in non-domestic properties. Landlords and business owners are responsible for ensuring fire safety in their premises through, for example, carrying out self-assessments. However, a programme of fire audits is carried out to provide guidance and to help enforce fire safety standards. In 2010/11, 482 statutory fire audits were carried out in Central Scotland, representing just over seven per cent of non-domestic properties in the area. This is the third highest proportion in Scotland (Exhibit 7). This work was also targeted, with a focus on higher risk properties such as care homes, hotels and houses in multiple-occupation.

**Exhibit 7: Percentage of non-domestic properties subject to fire safety audits, 2010/11**



Source: Scottish Government Statistical Bulletin

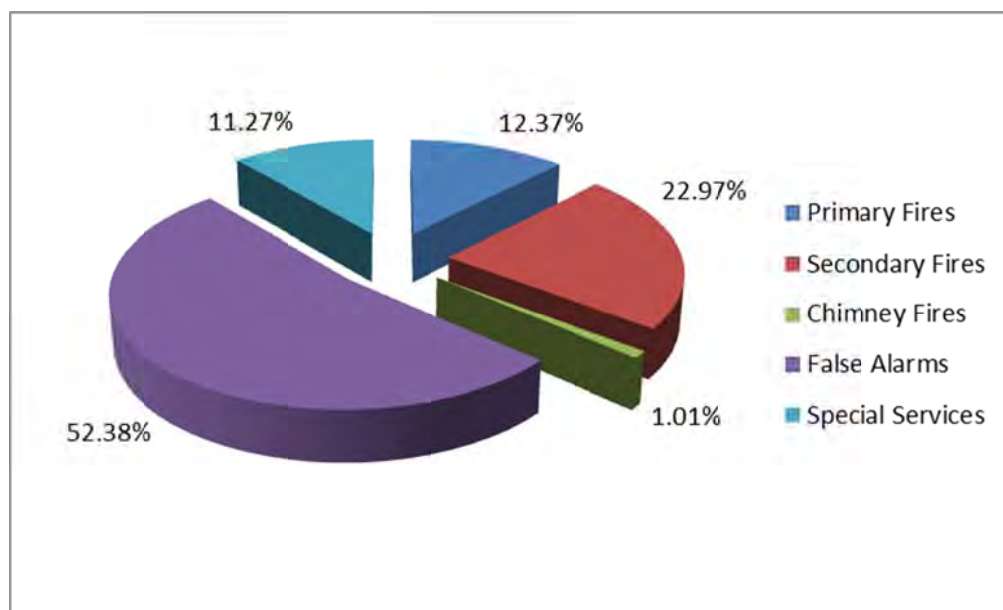
61. As part of its preventative work, Central Scotland Fire & Rescue also works with its local partners to provide community safety advice through a programme of school visits, public events and other initiatives. Initiatives such as 'Crucial Crew', 'Safe Drive, Stay Alive' and 'Act Safe, Keep Safe' are targeted on risk groups, such as 18 to 25 year olds, and are well regarded by participants and partner organisations. However, it lacks clear evidence to demonstrate which initiatives are most successful and provide best value in helping to reduce fires and other accidents.

## Emergency response

In line with national trends, there has been a long-term decline in the number of fires in Central Scotland, although these have increased in recent years. There has been some success in reducing the number of hoax calls, but this has been offset by significant increases in the number of false alarms. It has yet to effectively review its response to false alarms, which is the biggest demand on its resources. Emergency response times have remained consistent over the past decade and are in line with other fire and rescue services.

62. In 2010/11, Central Scotland Fire & Rescue responded to just under 5,000 incidents. In line with the national pattern, about an eighth of these related to primary fires (those in buildings, vehicles or involving casualties), a quarter to secondary fires (typically outdoor fires in heathland, rubbish bins or derelict buildings), and just over half to false alarms (Exhibit 8). The remainder related to a range of 'special services', primarily road traffic collisions and, to a lesser extent, flooding.

**Exhibit 8: Analysis of emergency incidents in Central Scotland, 2010/11**



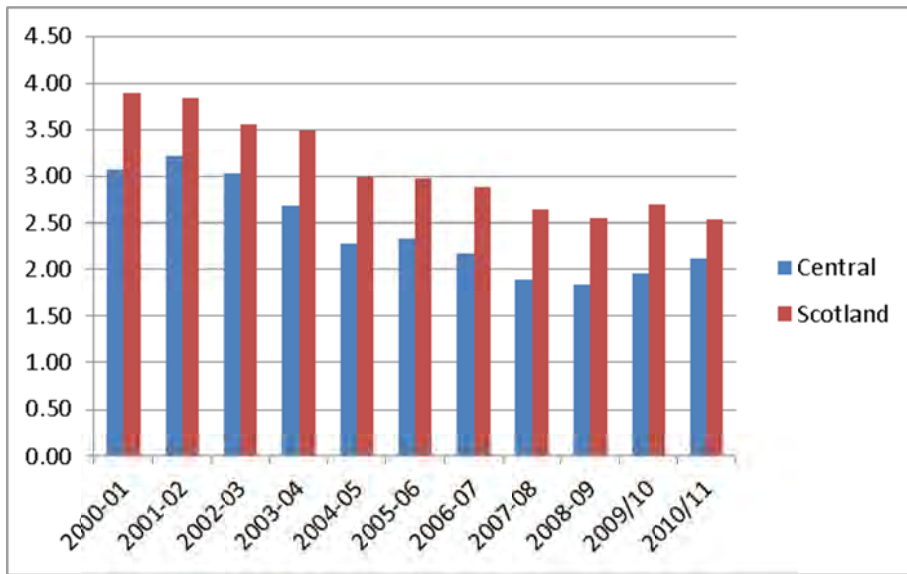
Source: Scottish Government Statistical Bulletin

## Number of fires and casualties

63. Historically, the level of fires and casualties within Central Scotland has been below the Scottish average. In line with national trends over the past decade, however, there has continued to be significant falls in the number of primary and secondary fires (Exhibits 9 and 10). This can only act as an indirect indicator of Central Scotland Fire & Rescue's performance as these trends are likely to be influenced by wider social issues, such as improvements in the housing stock or a decline in the number of people smoking. The spike in secondary fires during 2003/4, for example, was due to a dry summer and an increase in grassland fires.

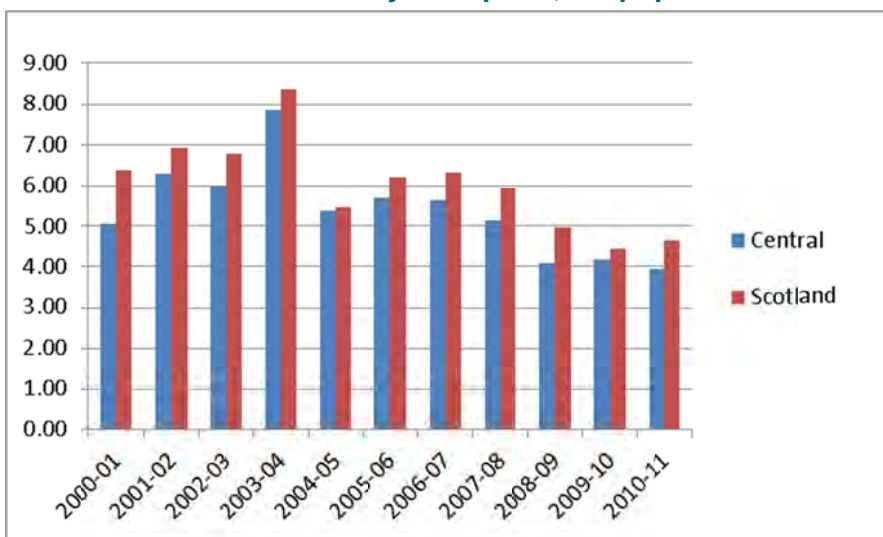
64. Within this overall decline, there have been increases in the number of primary and secondary fires since 2008/9. This may be influenced by the current economic conditions or a simply a short-term statistical anomaly and it would be difficult to draw any firm conclusions. However, in line with the concerns raised earlier in this report about the number and targeting of home fire safety visits, this may suggest that Central Scotland Fire & Rescue needs to place a greater emphasis on its preventative work.

**Exhibit 9: Number of primary fires per 1,000 population**



Source: Scottish Government Statistical Bulletin

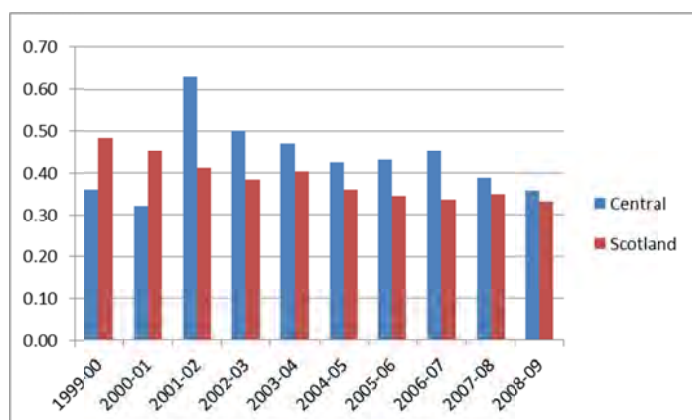
**Exhibit 10: Number of secondary fires per 1,000 population**



Source: Scottish Government Statistical Bulletin

65. Over the last decade, casualty rates in Central Scotland have been consistently above the national average but have fallen by 46 per cent in line with the national rate (Exhibit 11). However, in 2009/10, Central Scotland recorded a significant decrease in casualties to 0.18 per 1,000 population. This primarily reflects a definitional change in the way casualties are recorded nationally<sup>1</sup>. It now records the third lowest rate in Scotland, significantly below the national average.

**Exhibit 11: Casualties by 1,000 population**



Source: Scottish Government Statistical Bulletin

## Special Services

66. Central Scotland Fire & Rescue responds to an increasing number of 'special service incidents', such as flooding and road traffic collisions. These now represent around 11 per cent of its emergency responses. However, there are no performance measures available locally or nationally to assess the standard of this work. However, it is clear that Central Scotland Fire & Rescue has improved its capacity to deal with these incidents. In particular, it has responded to increased flooding incidents through the introduction of a water rescue capability in Stirling.

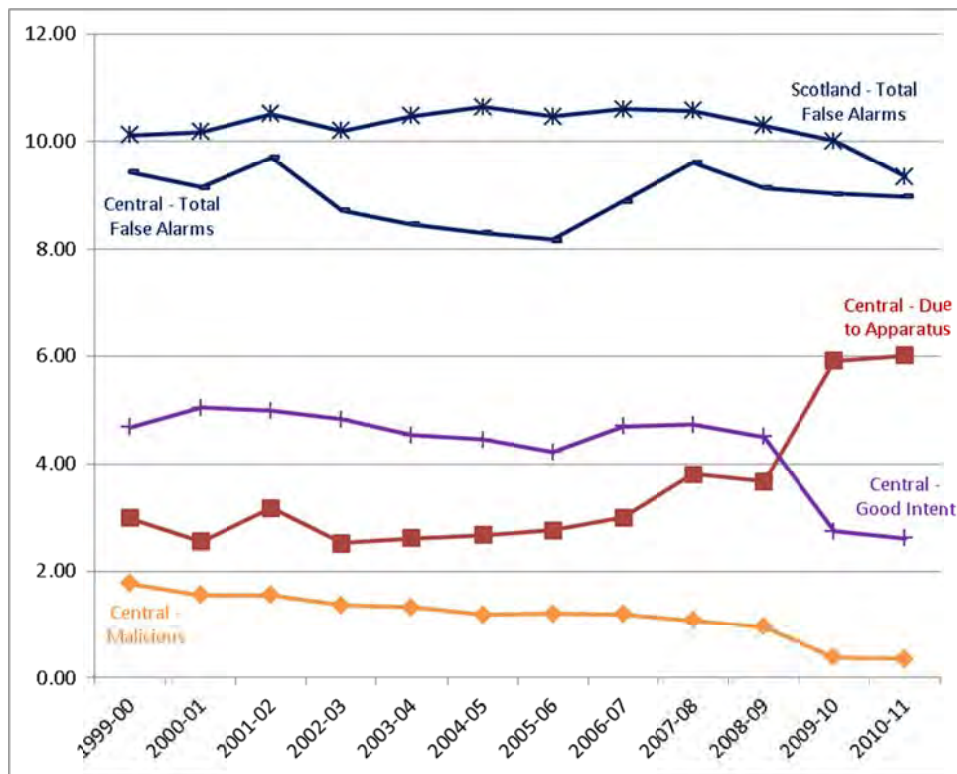
## False alarms

67. False alarms can be caused by a range of factors, such as malicious hoax calls or faulty automatic alarms. They account for just over half of Central Scotland Fire & Rescue's emergency calls. This represents a significant use of resources on non-productive work and, perhaps more importantly, means that there may be delays in responding to genuine emergencies.
68. Central Scotland Fire & Rescue's overall level of false alarms is close to the Scottish average (Exhibit 12). In recent years, Central Scotland Fire & Rescue has been successful in helping to reduce the number of hoax calls. By methods such as call screening, these have reduced

<sup>1</sup> In 2009/10, the Scottish Government changed its definition for casualty statistics, meaning that it is not possible to compare data from 2009/10 with that for previous years.

by around two thirds, from 276 in 2008/09 to 102 in 2010/11. Overall, however, it has been less successful in reducing the total number of false alarms, the bulk of which are generated by automatic fire alarms (AFAs) which account for over half of all calls received.

### Exhibit 12: False alarms per 1,000 population



Source: Scottish Government Statistical Bulletin

69. Central Scotland Fire & Rescue does not routinely monitor and report on the number of AFAs as part of its performance management system and has been comparatively slow in analysing and reviewing its response to AFA risks. It has recently been considering its pre-determined responses, having identified that there is significant scope to make its responses more efficient. For example, despite sending out a high reach appliance to several hundred AFA calls each year (around 17 per cent of all AFA calls) it has never been used.

## Emergency response standards

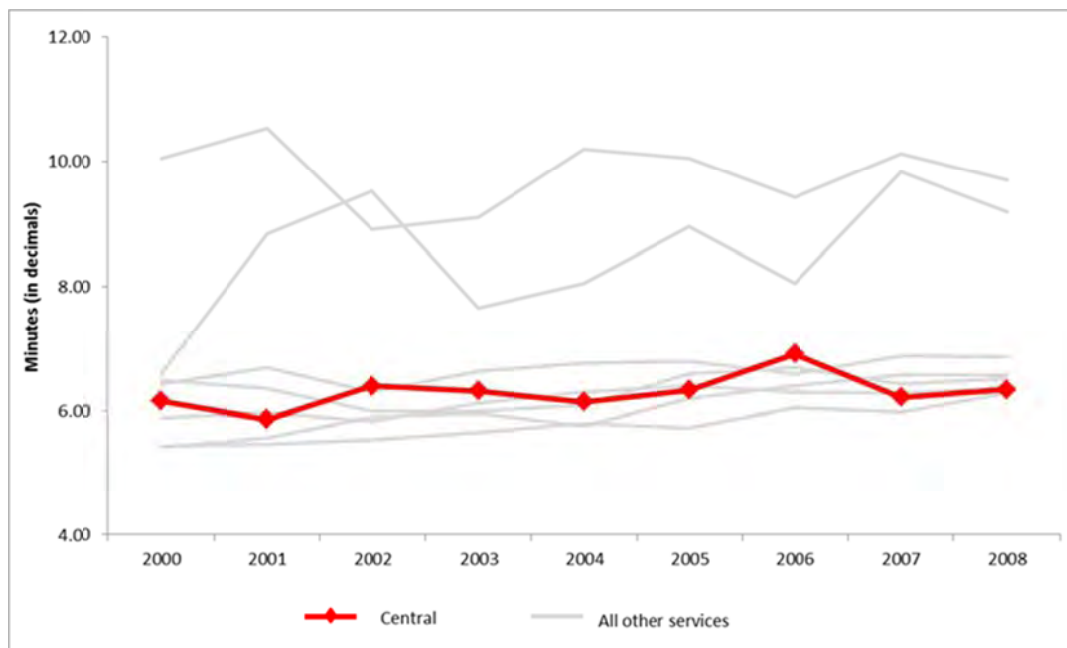
70. The speed of emergency response and number of vehicles and firefighters mobilised can be important factors in securing positive fire and rescue outcomes. Prior to 2005, standards of emergency response were set out in the National Standards of Fire Cover, with standards varying according to risk factors associated with different types of buildings. With the introduction of IRMP, these national standards were withdrawn. This allows individual fire and rescue authorities to determine their own speed and level of response to meet the specific level of risks identified in their IRMP.
71. Central Scotland Fire & Rescue has adopted a general emergency response standard for dwelling fires of 80 per cent of all incidents attended within ten minutes, although this is not



further categorised by risk. It is currently meeting this standard, with an average response time of nine minutes in 2010/11.

72. As part of its 2011 report, *Review of the Implementation and Impact of Integrated Risk Management Planning in Scottish Fire and Rescue Services*, the Scottish Fire & Rescue Advisory Unit (SFRAU), showed that Central Scotland Fire & Rescue's average response times for primary dwelling fires have remained consistent over the past decade and are broadly in line with the national pattern (Exhibit 13).

### Exhibit 13: Average response times for primary dwelling fires



Source: *Review of the Implementation and Impact of Integrated Risk Management Planning in Scottish Fire and Rescue Services* (SFRAU 2009)

# Improvement Agenda

## Strategic planning

- Its IRMP needs to more clearly align strategies and resources with identified community risks and its service development plan requires more measurable objectives against which success in delivering its vision can be judged.
- Station risk profiles need to provide a clearer link between local risks, actions and targets and should be extended to all stations to better target training and service delivery.

## Role of members

- Members of Central Scotland Joint Fire and Rescue Board need to provide greater strategic oversight of the service in fulfilling their governance and scrutiny role.
- The board needs to improve its monitoring and scrutiny of Central Scotland Fire and Rescue's performance in delivering its strategic vision.
- Consideration should be given to developing the "champion" role further, with the emphasis more on influencing strategic direction and scrutinising performance.

## Performance management

- Performance management needs to be further developed, with an emphasis on measuring impact rather than just activity levels.
- Public performance reporting should be comprehensive and consolidated in a single report to be easily accessible.
- A more systematic approach to self-evaluation is needed to drive service improvement.

## Partnership working

- Information sharing with partners on individuals at risk can be improved to better target prevention activity.
- The relative value of community safety initiatives needs to be better evaluated to ensure reducing resources are being most effectively directed.

## Use of resources

- A systematic approach to managing all assets needs to be introduced.
- Staff appraisals need to be extended to senior managers and to retained duty firefighters.

## Service delivery

- A community safety strategy needs to be developed to provide a clearer approach to preventative work.
- The pre-determined response to AFAs should be reviewed

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**COVER NOTE BY SECRETARY AND BUSINESS MANAGER**

**BEST VALUE AUDIT: TAYSIDE SCOTLAND FIRE AND RESCUE**

---

**Purpose**

1. The purpose of this paper is to introduce the report of the Best Value audit of Tayside Scotland Fire and Rescue. The Commission is invited to consider the report and decide which of the options for action it wishes to take.

**Background**

2. At its meeting in April this year, the Accounts Commission approved a programme of Best Value audits to be carried out on each of the eight Scottish fire and rescue services and authorities. These reports are being prepared by the Controller of Audit in accordance with Section 102(1) of the Local Government (Scotland) Act 1973. It was agreed that these audits would be more targeted and focused than other Best Value audits, with an emphasis on local accountability. At its last meeting in November, the Commission noted an update on the progress of the audit programme, and noted a timetable for the programme of audits, including a national overview report at the end of the eight audits.

**The report**

3. This report and that for Central Fire and Rescue are the first two in the audit programme. It is also being sent to the Clerk of the Joint Fire and Rescue Board, which is comprised of elected members from the three constituent councils – Angus, Dundee and Perth and Kinross. The Clerk of the Board is required to supply a copy of the report to each member of the Board and to make additional copies available for public inspection.
4. 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**

5. The Controller of Audit and members of the audit team from Audit Scotland will be present at the Commission meeting to answer questions.
6. 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.
7. 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.
8. 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.

### **Media**

9. Once the report is sent to the fire board and the fire and rescue service 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.

### **Conclusion**

10. The Commission is invited to:
- consider the report by the Controller of Audit on the Best Value audit of Tayside Fire and Rescue; and
  - decide how it wishes to proceed.

Paul Reilly  
Secretary and Business Manager  
1 December 2011

# **Audit of Best Value**

## **Tayside Fire and Rescue**



Prepared for: the Accounts Commission  
December 2011

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.

---

# Contents

<b>Introduction</b> .....	<b>2</b>
<b>Summary</b> .....	<b>4</b>
<b>Context</b> .....	<b>6</b>
<b>Governance and management</b> .....	<b>8</b>
Vision and Strategic Direction .....	8
Partnership Working.....	10
Performance management and improvement.....	11
<b>Use of resources</b> .....	<b>13</b>
Financial management.....	13
Workforce management.....	13
Asset management .....	16
<b>Service Performance</b> .....	<b>18</b>
Service costs.....	18
Prevention .....	19
Emergency response .....	21
Number of fires and casualties.....	22
Special services .....	24
False alarms .....	24
Emergency response times.....	25
<b>Improvement Agenda</b> .....	<b>27</b>

# Introduction

1. Local authorities in Scotland, including fire and rescue, have a statutory duty to deliver best value in their services. This requires them to establish management arrangements, aimed at securing continuous improvements in their performance while maintaining an appropriate balance between quality and cost.
2. Since 2004, Audit Scotland has carried out audits of Best Value in each of the 32 councils in Scotland and in most police authorities. These audits have helped to improve performance and accountability in local government and have brought unsatisfactory performance to the public's attention through the public reporting process.
3. The responsibilities of fire and rescue services have changed significantly over the past decade. In 2003, all Scottish services were required to produce Integrated Risk Management Plans (IRMP), identifying the level of local risks and determining the appropriate allocation of resources. The Fire (Scotland) Act 2005 introduced further changes, placing a strong emphasis on prevention rather than simply emergency response.
4. Some aspects of Best Value in fire & rescue have been covered in earlier Accounts Commission reports, particularly the *Scottish Fire Service: verification of the progress of modernisation*, published in 2004, and *Review of Service Reform in Scottish Fire and Rescue Authorities*, published in 2007. So far, however, there has not been any dedicated audit, covering all key aspects of Best Value.
5. Following a formal consultation with stakeholders in late 2010, the Accounts Commission decided that the audit of Best Value should be extended to fire & rescue. With the Scottish Government signalling a potential restructuring of the services, however, it was recognised that the audit needed to be proportionate, seeking to identify the key strengths which should be retained in a future structure and any significant weaknesses which needed to be resolved. Subsequently in September 2011, the Scottish Government announced its commitment to deliver a single Fire and Rescue Service for Scotland and published its outline business case. Between October and November 2011 it published a further consultation paper, *Keeping Scotland Safe and Strong*, on how the future service will work in practice. The outcome of this consultation process is not yet known.
6. During 2011, audits are being carried out at each of the eight Scottish fire and rescue services and authorities. These are seeking to focus on core issues, such as strategic planning, the role of members, financial management, and service performance and costs. These local reports, which will support improvement and local accountability, will be followed by the publication of a national overview report in 2012. A number of best value issues, including equalities, sustainability and procurement have not been covered directly in the scope of the local audit work. These, along with a range of other issues, will be covered in the national overview report.



7. We carried out the Best Value audit of Tayside Fire and Rescue (TFR) during September 2011. We gratefully acknowledge the co-operation and assistance provided to the audit team by the chief fire officer, Stephen Hunter, the convenor of the joint board, Councillor Bob Band, and all other elected members and staff involved.

# Summary

8. Tayside Fire & Rescue provides an effective emergency response service. Its operating costs are above the Scottish average, but it has managed to reduce costs over the past five years, whilst providing a much greater volume of fire prevention activity.
9. Over the past ten years, there have been significant falls in the number of fires and in the number of fire casualties within Tayside. In line with the Fire (Scotland) Act 2005, Tayside Fire & Rescue's emphasis is on fire and accident prevention, reflected in its high level of home fire safety visits and other community safety prevention work. More than half of its home fire safety visits are targeted at high risk, vulnerable individuals and it is actively striving to target ninety per cent of its preventative work towards these people to maximise its impact.
10. In delivering its services, particularly those focused on prevention, Tayside Fire & Rescue works very effectively with its partners. It is making progress in sharing information with other agencies to ensure that its fire prevention activity is best targeted to vulnerable individuals and has actively sought to evaluate the impact of its partnership activity.
11. The service has a clear strategic direction, consistently applied over many years. It has a strong focus on prevention which is clearly reflected in all of its plans and strategies. Through its well structured business planning process, Tayside Fire & Rescue's approach to Integrated Risk Management Planning (IRMP) helps determine its annual priorities and its use of resources in reducing community risks. On occasions, however, elected members have not approved proposed changes to services that were designed to make best use of resources for Tayside as a whole.
12. Tayside Fire & Rescue has a strong culture of performance improvement. It has demonstrated continued improvement since Audit Scotland's performance audit work in 2006 and Best Value principles and practices are now well embedded throughout the organisation. It has established a performance orientated culture amongst its staff and supports this through self-evaluation, comprehensive performance monitoring, a well-structured approach to operational audit and clear public performance reporting arrangements. It has also developed systems to make most effective use of its key resources, including its asset management system and targeted asset replacement strategies.
13. Over time, Tayside Fire & Rescue has managed to deliver a wider range of emergency response services and a significantly increased programme of prevention work without increasing its workforce. Its focus on developing managerial and leadership capacity amongst its staff is a key strength. It also supports staff with high quality information and communications technology and provides a good range and quality of personal protective equipment (PPE) to enable staff to provide quality services and ensure their safety.

14. Tayside Joint Fire and Rescue Board does not always effectively fulfil its governance role. While there are some good aspects to the current governance arrangements, such as the ability of officers and members to engage outwith the committee structures through the Service Delivery and Service Support Forums, members' role in helping shape the organisation's strategic direction and prioritising its use of resources has been variable and their scrutiny of performance in delivering objectives is weak.

# Context

- 15. Tayside Fire and Rescue serves a population of around 392,000 across 2,896 square miles in the Angus, Dundee City and Perth and Kinross council areas. This represents around 7.7 per cent of Scotland's population and 9.7 per cent of its area.
- 16. This area is diverse, covering densely populated areas such as Dundee and Perth and sparsely populated areas in parts of Angus and Perth & Kinross. As well as containing comparatively affluent areas, it contains significant pockets of deprivation with heightened fire risks. The area also contains two universities which increase its population by approximately 23,000 for a large part of the year.
- 17. Tayside Fire & Rescue spent £24.4 million on its running costs in 2010/11, employing 718 staff, including 379 whole time and 247 retained firefighters. As well as its headquarters in Dundee, staff are based in 24 fire stations throughout the area. Of these, four are staffed by whole time fire crews (Blackness Road, MacAlpine Road and Kingsway East in Dundee, and Perth), two through a combination of whole time and retained crews (Balmossie and Arbroath), 15 by retained fire crews and three by volunteer crews (Exhibit 1). It has 50 fire appliances, including two aerial rescue pumps (ARPs), and a range of specialist units, such as water rescue and urban search and rescue.

**Exhibit 1: Staffing and fire stations in Tayside**



Source: Tayside Fire and Rescue

- 18. Tayside Fire and Rescue is governed by a Joint Fire and Rescue Board that comprises 18 councillors from Angus, Dundee City and Perth and Kinross councils. The Board meets five times per year, and is supported by a Performance Monitoring sub-committee. All members of the board and senior officers also meet outside of the formal committee arrangements in the Service Delivery and Service Support Forums. These informal

planning and discussion forums take place as and when required at appropriate times in the year, for example, in advance of the IRMP consultation process.

# Governance and management

## Vision and Strategic Direction

Tayside Fire and Rescue has a clear vision covering prevention, intervention, people and performance that links all its activity. Its emphasis is firmly on prevention and this is reflected in its high levels of prevention activity. Tayside supports delivery of its vision through a comprehensive IRMP process, although this could make clearer the nature of specific risks across Tayside. The Joint Fire and Rescue board's role in influencing strategic direction has been variable and it has not always effectively fulfilled its governance and scrutiny role.

19. Tayside Fire & Rescue's strategic vision is clearly set out in the annual *Towards a Safer Tayside* action plan. Its mission is to provide the highest standard of community safety and emergency response services to all the communities it serves. In support of this mission, activity within the organisation is undertaken under one of its four longstanding corporate aims: Prevention, Intervention, People and Performance (Exhibit 2).

---

### Exhibit 2: Tayside Fire & Rescue's four corporate aims

#### PREVENTION

Work with local communities to reduce risks to life, property and the environment from fire and other emergencies.

#### INTERVENTION

Respond promptly and effectively to fires and other emergencies when they occur.

#### PEOPLE

Ensure that services are delivered by a well equipped, skilled and highly motivated workforce which is able to work safely and whose composition reflects the diverse communities it serves.

#### PERFORMANCE

Monitor performance to ensure continuous improvement and delivery of best value.

Source: *Tayside Fire & Rescue*

---

20. In line with the Fire (Scotland) Act 2005, the emphasis of Tayside Fire & Rescue's vision is on fire and accident prevention. This is reflected in practice through its high level of home fire safety visits and other community safety prevention work. More than half of its home fire safety visits are targeted at high risk, vulnerable individuals and it is actively striving to target ninety per cent of its preventative work towards these people to maximise its impact.

21. Tayside Fire & Rescue's Integrated Risk Management Planning (IRMP) framework incorporates its annual consultation document, *Towards a Safer Tayside* action plan, departmental plans, station plans and public performance report. Its IRMP framework and the proposals on which it consults widely each year are clearly underpinned by a detailed risk analysis using Fire Services Emergency Cover (FSEC) and other complementary risk profiling tools. This is used to develop proposals to shift resources towards areas of greatest risk.
22. Station plans introduced in 2011 provide a useful addition to Tayside's IRMP framework. They highlight risks relevant to the area, for example, hospitals, shopping areas, etc., but the nature of the specific risks facing each station and how they determine local priorities is not clear. Station plans outline relevant objectives under each of the four corporate aims, with desired outcomes, supporting actions and targets tailored towards the specific local context and risks.
23. Collectively, members of Tayside Joint Fire and Rescue Board provide limited leadership in setting the strategic direction of the organisation. Through the Service Delivery and Service Support Forums, board members are provided with a good opportunity to work with senior officers outside of the usual committee arrangements to influence the strategic direction for the coming year. Some members engage constructively in discussion both through these forums and board meetings. More generally however, board members focus on specific, typically operational issues, with little evidence of more high level policy and strategy issues being examined.
24. Board members have supported Tayside's approach to IRMP, and have agreed the IRMP proposals that are consulted on each year to better align resources and activity to community risks. On two occasions, in 2008 and 2009, the board agreed to consult publicly on a proposal to change night time crewing at Balmossie fire station from wholetime to retained, in line with its relatively low levels of activity and risk, and use these resources to provide a wholetime day crew in Forfar, which was identified as having a greater level of risk. This proposal would have better aligned £0.5 million of resources to risk. A range of views on the matter were received as part of the consultation process, the vast majority of which were from members of the Fire Brigades' Union who were strongly opposed to the proposal. Following the consultation, the board voted against the proposal on both occasions.
25. Elected members represent the views and needs of the community and are not obliged to automatically follow the advice of officers. However, they need to balance local concerns with wider corporate and regional considerations. Given their endorsement and promotion of the principles of IRMP, and the compelling evidence to shift resources to better match the needs of Tayside as a whole, it is difficult to see that in its decisions over Balmossie the board has met its best value responsibilities in its use of public resources.

## Partnership Working

**Tayside Fire & Rescue is an active partner in a range of community safety initiatives and its input is highly valued by its community safety partners. It is proactive in examining opportunities to share services with partners and other fire and rescue services. It has actively sought to evaluate the impact of its partnership activity to make best use of its resources. Members of the joint board need to play a more active role in coordinating and scrutinising partnership work.**

26. Fire and rescue services work through a range of partnership arrangements. They plan for civil contingencies with public and private sector partners through Strategic Co-ordinating Groups (SCGs). Prevention activity is typically delivered through community safety partnerships, working with local authorities, police, health, social landlords and the voluntary sector and sharing information on individuals at risk is key to ensuring prevention activity is most appropriately targeted. Fire and rescue services also deliver their response services in conjunction with other emergency services such as police, ambulance service, coast guard and mountain rescue. Individual fire and rescue services also work with other fire and rescue services, typically to provide cross-border response services or contributing to national resilience for major incidents.
27. Tayside Fire & Rescue is an active participant in the Tayside SCG, which carries out high level risk planning for major incidents which could disrupt the area. All of this activity is summarised in the Tayside Community Risk Register (TCRR), setting out the major risks facing the area and the action taken by each partner to manage these risks. At an operational level however, the risks identified in the TCRR do not yet clearly inform resourcing decisions across Tayside Fire and Rescue.
28. Tayside Fire & Rescue works very effectively with other local organisations, particularly through its local community safety partnerships in the Angus, Dundee City and Perth and Kinross council areas. Its commitment and input into these partnerships has developed positively over time and is highly valued by the relevant community safety partners.
29. Tayside Fire & Rescue can demonstrate an extensive range of partnership initiatives and practices that are focused on the delivery of fire and rescue prevention and intervention. For example, in Perth and Kinross, under the Healthy Homes initiative it employs a partnership-funded Home Safety Officer to carry out comprehensive home safety visits. In Angus, it has a firefighter located within the joint services team. In Dundee City there is a community safety sub-group focused on fire related antisocial behaviour and firefighters have also worked with community wardens on identifying general fire hazards to reduce secondary fires.
30. Consistent with the national report, *Scotland Together*<sup>1</sup>, Tayside is engaging partners in the third/voluntary sector, such as the Salvation Army, Hillcrest Housing Association, Positive

---

<sup>1</sup> 'Scotland Together' (September 2009) is a Scottish Community Safety Fire Study examining fire deaths and injuries in Scotland.



Steps and Angus Volunteers to deliver preventative work. To date, these partnership agreements have delivered 53 home fire safety visits and have helped target 'hard to reach' groups.

31. Tayside Fire & Rescue recognises that it does not have the capacity to enter into all possible partnerships and therefore seeks to assess that its involvement in partnerships is adding value to local communities. To this effect, it has a partnership register to monitor the work it is involved in. It has evaluated some of its partnership initiatives, such as *Safe Drive Stay Alive*, but recognises that it can use its partnership register to more proactively assess and evaluate its partnership arrangements. In addition, the board needs to strengthen its scrutiny of Tayside Fire and Rescue's partnership work and play a more active role in helping to coordinate work through local community safety partnerships.
32. There are also other examples of successful partnership working at a more operational level. Some of these are aimed at generating efficiencies, for example, sharing local stations with the Scottish Ambulance Service, Tayside Police and Tayside Mountain Rescue Team. Others include drawing on the skills and specialism of other partners, for example, Mountain Rescue providing rope training to firefighters and developing an 'asset register' for water rescue across Tayside-based organisations. It also worked closely with SCG partners during the severe weather to enable access to sites with high risk and in the near future plans to run a severe weather exercise to reinforce some of the learning points.
33. There are no significant shared services with other fire and rescue services. Detailed assessments were carried out on 19 areas of possible collaboration, such as a shared human resources service with Fife and Central Scotland Fire and Rescue services. Despite the significant investment of management time and resources by all parties, this work has not been implemented, largely as a result of it being overtaken by work on the national reform agenda.

## Scrutiny, performance management and improvement

**Tayside Fire and Rescue has a strong culture of performance management and improvement. Its performance management framework provides a clear link between strategic objectives and operational targets. It demonstrates clear accountability for its performance through good quality reporting to the joint board and its annual public performance report. It has also recently strengthened its approach to self-assessment by adopting the Public Sector Improvement Framework (PSIF). Despite these strengths, there is limited scrutiny of performance by the joint fire and rescue board.**

34. Improving performance is one of Tayside Fire and Rescue's core values and this is reflected in a strong culture of improvement throughout the organisation. This is demonstrated in the attitude of staff and the systems and processes in place to manage performance.
35. Tayside Fire & Rescue has a well structured performance management framework that clearly links strategic objectives to operational targets. It has underpinned this with an

effective performance monitoring system that integrates with its key information systems and allows managers to easily interrogate and analyse performance data in various ways. Performance data can currently be broken down to station level but Tayside is working on managing performance on a geographic basis, aligned to local authority boundaries to improve local accountability and to provide better links to Single Outcome Agreements (SOAs).

36. There is a strong approach to public performance reporting through the detailed *Towards a Safer Tayside* reports, which have been published annually over the last six years. Tayside Fire & Rescue also monitors a very broad range of performance indicators covering the important aspects of its business, and reports its performance in a good level of detail to members on a quarterly basis. However, within this very strong approach, there are some gaps in the issues covered. For example, there is very little benchmarking information provided to help compare performance with other fire and rescue services.
37. Tayside Fire & Rescue also seeks to assess the impact of its work. For example it has carried out formal evaluations of the impact of its home fire safety visits and its *Safe Drive Stay Alive* initiative. In addition, it has developed a stakeholder survey to measure the effectiveness of its community safety, legislative fire safety and emergency response activities, with the first survey implemented during April 2011.
38. Tayside Fire & Rescue has also recently embarked on self-assessing its performance using the Public Sector Improvement Framework (PSIF). It has six trained assessors and is rolling out a systematic programme of self-assessments throughout the organisation. Once all departmental assessments have been completed, Tayside is planning to produce a consolidated corporate improvement plan.
39. There is a strong approach to performance management at an operational level. Tayside Fire & Rescue has a programme of station performance audits that involves all senior managers conducting thematic audits at stations to assess the application of policies and processes. Like all other fire and rescue services, it also carries out incident debriefs, seeking to identify weaknesses and using these lessons to further improve operational effectiveness and firefighter safety. Tayside Fire & Rescue has a particularly well-structured approach, with the results of this work being summarised and reported to senior officers and members.
40. Despite the good range of performance information available, scrutiny of performance by board members is limited. Members provide very little challenge on achievement of targets and performance trends or on more strategic issues, such as the implementation of IRMP or the deployment of resources to match identified risks. They also do not appraise the performance of the Chief Fire Officer and other principal officers.

# Use of resources

**Tayside Fire & Rescue manages its resources well, demonstrating aspects of good practice. It is also generating greater efficiency from its resources to deliver better value services. The joint board's oversight and scrutiny of the use of resources is underdeveloped.**

41. Tayside Fire and Rescue has a strong focus on reducing cost and improving efficiency. This is supported by effective financial controls and well-established processes for setting and monitoring budgets. It is also complemented by plans and strategies to manage its workforce and assets within the budgets available.
42. Members of the joint board approve and monitor the service revenue budget and capital programme. The board's scrutiny of financial performance is greater than for other resources, although there is scope for it to be more actively involved in monitoring savings and efficiencies achieved across the service. This is a significant area for development given the board's Best Value duties and the importance of savings and efficiencies for Tayside Fire and Rescue as funding reduces across the public sector.

## Financial management

**Tayside Fire & Rescue has a sound financial position and has managed a programme of budget cuts effectively.**

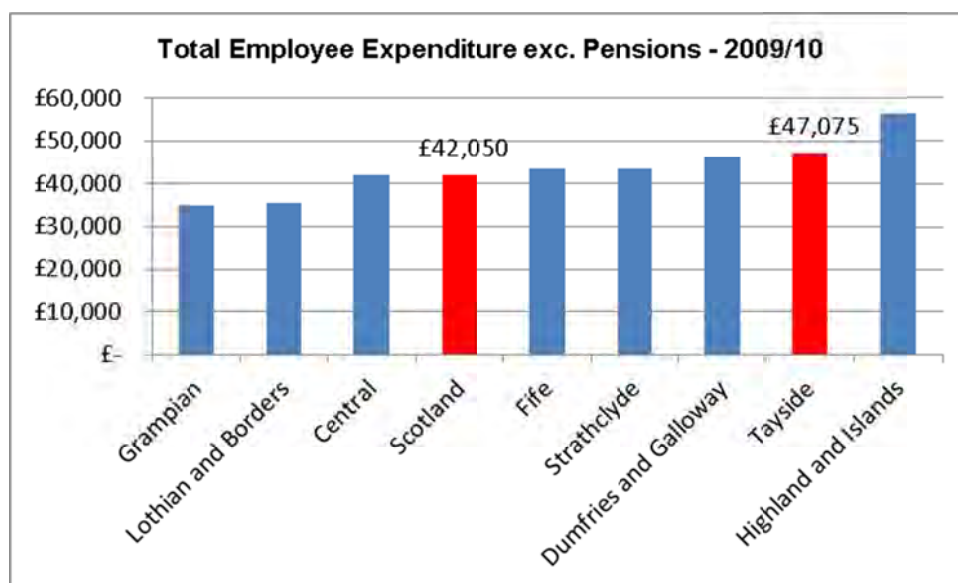
43. Tayside Fire & Rescue manages its budget effectively. In 2010/11, it under-spent on its revenue budget by 1.4 per cent and carried forward a general fund balance of £1.2m into 2011/12. Its revenue budget for 2011/12 is £24.1 million which represents a 2.6 per cent reduction from the previous year, in line with the national reduction in grant funding for local government.
44. Over the last five years Tayside Fire & Rescue has responded positively to budget pressures by making cashable efficiency savings of £914,000, largely through staff reductions. It has also reported non-cashable efficiency savings of £2.3m, through reviewing work routines, redeploying staff and reducing pre-planned overtime.
45. In previous years Tayside Fire & Rescue has carried out medium-term financial planning, with two or three year budgets updated annually. However, because of the national restructuring in fire and rescue services, it is currently working to a one year budget. During the transition period to the creation of a single fire and rescue service in 2013, it is important that there is a clear approach to managing resources and that the joint board maintains appropriate financial oversight of Tayside Fire & Rescue.

## Workforce management

**Tayside Fire and Rescue demonstrates good practice in managing and supporting its workforce. It has recently achieved the Investors in People standard, reflecting the**

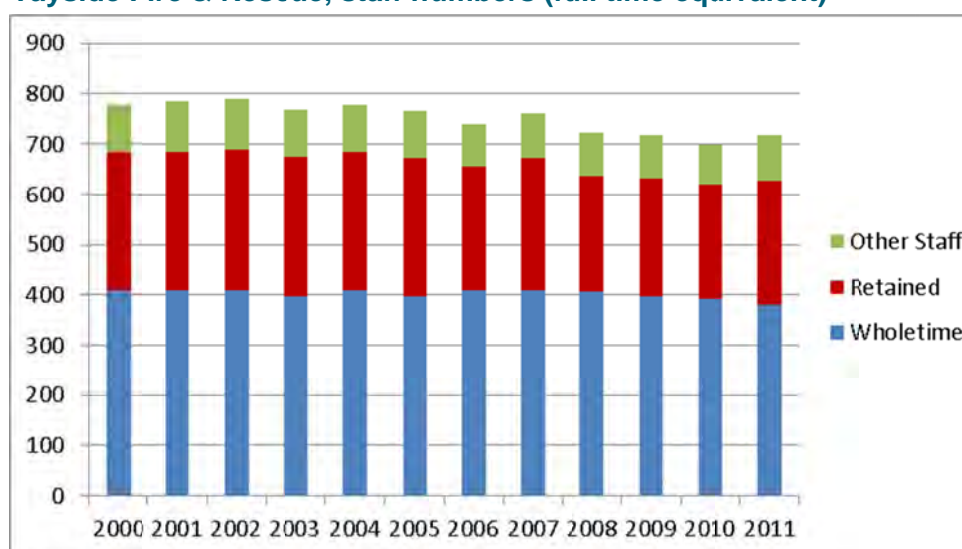
**overall strengths of its approach. It operates a staff appraisal system although it does not yet apply to principal officers or retained firefighters. There is a strong emphasis on training and staff development and robust arrangements to ensure the health and safety of its staff.**

46. Through its People and Development Strategy 2011-14, Tayside Fire & Rescue has clear objectives for succession planning, reviewing its organisational structures and developing the skills of its staff in line with its corporate goals. It supports its People and Development Strategy with a range of other human resource strategies and plans through which it manages its workforce.
47. Tayside Fire & Rescue demonstrates a strong commitment to developing its workforce. All wholetime and retained firefighters complete a three-year SVQ and the training department tests that firefighter competence in core skills is being maintained through on-going training programmes. There is an executive development programme, aimed at developing leadership capacity amongst its senior officers, and there is also access to the police development programme and the Mentoring Scotland programme. Tayside's investment in and development of its workforce has resulted in it having 43 members of staff having passed assessment development centres (ADCs) for promotion at supervisory, middle and senior manager level, supporting effective succession planning. The benefits of this have been recognised and used by other fire and rescue services. For example, a small number of firefighters having passed the ADC for crew manager have been seconded to promoted posts in Grampian Fire and Rescue.
48. Tayside Fire & Rescue's effective management and development of its workforce has been validated in 2010/11 through its Investors in People (IIP) and Healthy Working Lives Bronze award. It is actively working towards achieving a Healthy Working Lives Gold award over the next two years.
49. Tayside Fire & Rescue's staffing costs are relatively high when compared with other Scottish fire and rescue services on a per population basis (Exhibit 3). These are heavily influenced by a combination of deprivation levels and the geography of the area, particularly the boundary of the river Tay which increases the number of stations required to provide emergency cover in Dundee. Despite this, Tayside Fire & Rescue has demonstrated efficiency in its workforce management over time.

**Exhibit 3: Tayside Fire & Rescue, staffing costs per 1,000 population**

Source: CIPFA

50. Over the past five years, there has been a significant reduction in the size of the workforce. Since 2007, the workforce has fallen from 762 to 718 (Exhibit 4). Despite a large increase in its preventative work, Tayside Fire & Rescue has achieved these reductions through a series of efficiency measures. This includes reducing its firefighter establishment by 18 posts, aided by the successful introduction of two aerial rescue pumps (ARPs). Further efficiencies will be realised in 2012 through the introduction of a third ARP.

**Exhibit 4: Tayside Fire & Rescue, staff numbers (full time equivalent)**

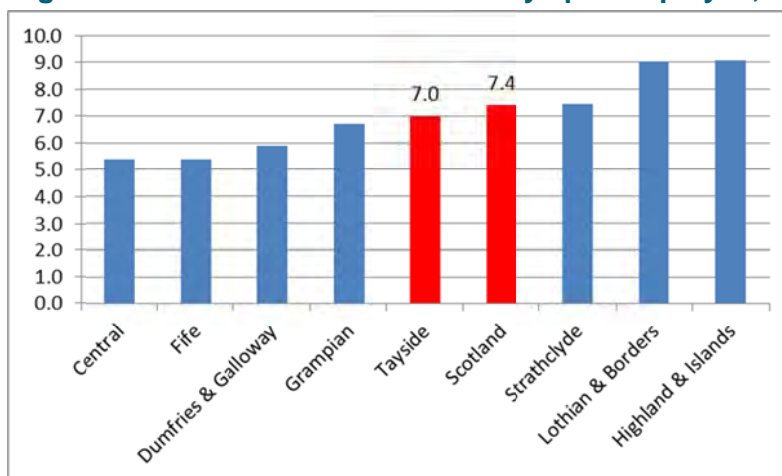
Source: CIPFA

51. Tayside is reviewing its payment system for the retained duty system (RDS) as it recognises that its current remuneration system is not fully consistent with its focus on prevention. These issues have been identified by other Scottish services, but Tayside Fire

& Rescue is actively exploring alternative models for attracting and remunerating RDS firefighters that aligns rewards with its organisational emphasis on prevention.

- 52. Staff appraisals link training needs with the performance of individuals and with service and business objectives. This aims to cover all staff, but it does not apply to the Chief Fire Officer and other principal officers and has yet to be rolled out to retained duty firefighters.
- 53. Tayside Fire & Rescue has a strong commitment to health and safety. It has a dedicated health and safety manager and an Occupational Health, Safety and Wellbeing Unit to review and revise occupational safety policies and procedures and record and investigate injuries and incidents. The latest report for 2009/10 shows that the number of personal injuries and near miss accidents has levelled out at around 50 per year, over the last three years, but is less than half the 126 reported a decade ago. Operational incidents account for the highest proportion of personal injuries and accidents, although there were a number sustained while carrying out routine activities and training. Health and safety work closely with the training and operational assurance departments, to ensure action is taken to address these issues.
- 54. The overall level of sickness absence within Tayside Fire & Rescue is slightly below the national average. It recorded an average of 7.0 days per employee in 2010/11, compared with a national average of 7.4 days (Exhibit 5).

**Exhibit 5: Average number of sickness absence days per employee, 2010/11**



Source: Audit Scotland Statutory Performance Indicators

## Asset management

**Tayside Fire and Rescue has a strong approach to asset management. Its strengths in asset management are reflected in staff satisfaction with equipment and assets and its more efficient use of assets to generate savings, including the successful introduction of aerial rescue pumps (ARPs). It has a strategic partnership with Microsoft, and this is reflected in the particularly effective use of ICT to help manage its business and deliver efficiencies.**

55. Tayside Fire & Rescue demonstrates good practice in managing its assets. It has introduced an electronic asset management system that allows it to better manage the whole-life costs of assets and to streamline the operations of its Resource Centre. It estimates that its asset management system will deliver total savings of £48,000 over five years.
56. Tayside Fire and Rescue's asset management system has improved management information on personal protective equipment (PPE) which is allowing a more efficient replacement strategy. For example, through the system tracking requests for repairing, cleaning and replacing items of PPE along with details of regular testing, Tayside is able to extend the life of PPE through a tailored replacement strategy based on risk. It is also using its asset management system to manage its operational equipment in the same way it manages its PPE. By risk rating all operational equipment it estimates that it can make substantial savings in its capital replacement programmes.
57. Tayside Fire & Rescue has introduced a rescue pump strategy to ensure that its fleet of pumps all carry a more versatile range of equipment than standard fire appliances. Unlike some other fire and rescue services, it has also successfully introduced two ARPs into its fleet which it estimates to have delivered savings of £75k in vehicle costs on top of staffing efficiencies. Due to the success of these two pumps, it has invested in a third which is due for delivery in early 2012.
58. In managing its buildings, Tayside Fire & Rescue carries out conditions surveys every 10 years. Since 2002, it has had a strategic construction partnership which is based on the shared risk and reward principles in the Egan report *Rethinking Construction*<sup>2</sup>. This has been influential in its regular under spends in its capital programme.
59. It is also using its full range of assets in a much more energy efficient way. Through energy efficiency measures introduced and reducing its fuel use, despite covering more vehicle miles to deliver its increasing HFSV programme, it expects to make financial savings of £197,000 over five years as well as reducing its carbon footprint.
60. In comparison with other fire and rescue services, Tayside makes very effective use of ICT to deliver a range of business benefits. Its three-year e-strategy and comprehensive ICT asset register, which are overseen by its Information Strategy Group, inform its rolling ICT replacement programme and ensure that appropriate resources are available to provide agreed improvements in service quality.
61. Through a strategic partnering arrangement with Microsoft, Tayside Fire & Rescue has adopted video conferencing facilities through all PCs. In 2010, it found that an average of 63 meetings per week were being conducted on-line. This has not only saved significant staff time, but reduced travelling requirements by around 1,200 miles per week, has reduced CO2 emissions by around 16 tons per year and saved around £12,000 in fuel.

---

<sup>2</sup> 'Rethinking Construction' (Sir John Egan, 1998) was a report of the Construction Task Force to the Deputy Prime Minister on the scope for improving the quality and efficiency of UK construction.

# Service Performance

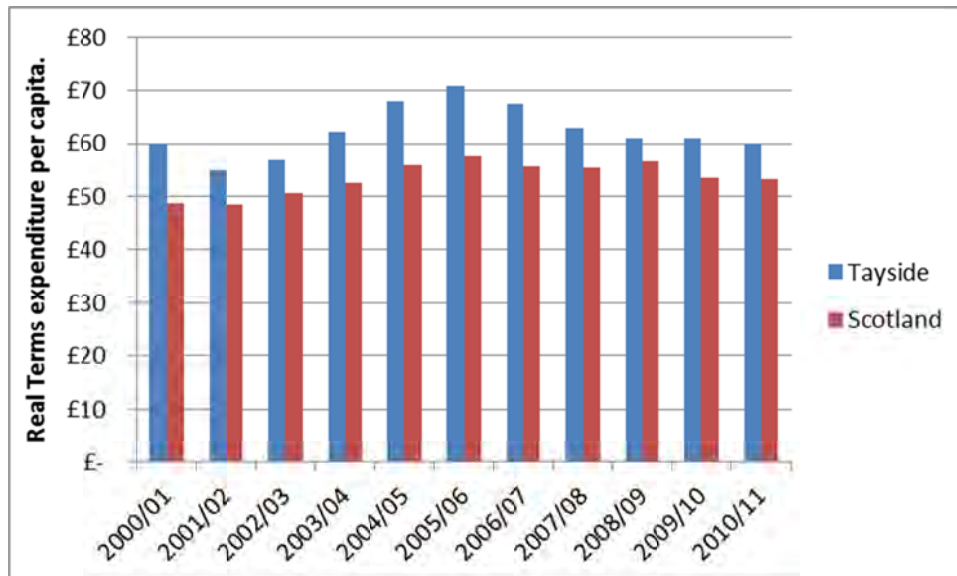
Tayside Fire & Rescue provides an effective preventative and emergency response service. It has a very strong focus on prevention, with the most intensive programme of home fire safety visits and statutory fire audits of any Scottish fire and rescue service. There is evidence that this has had an impact in reducing community risk. Despite a small increase over the past year, the past decade has seen a marked fall in the number of fires and casualties within Tayside. While its costs are comparatively high, these have fallen by around 15 per cent since 2005/06.

## Service costs

Due to a range of efficiencies, Tayside Fire & Rescue's operating costs in real terms have fallen by around 15 per cent since 2005/06. However, its costs still remain above the Scottish average.

- 62. Tayside Fire & Rescue has the second highest operating costs in Scotland. In 2010/11, excluding pension costs, it spent £59 per head of population, noticeably above the Scottish average of £53 (Exhibit 6). This is thought to be at least partly influenced by the geography and the relatively high levels of deprivation within the city of Dundee. However, as a result of a series of efficiencies, it has reduced its real term costs by around 15 per cent since 2005/06, a significantly higher rate than other fire and rescue services in Scotland.

Exhibit 6: Real Terms Costs per 1,000 population, 2000/01 to 2010/11



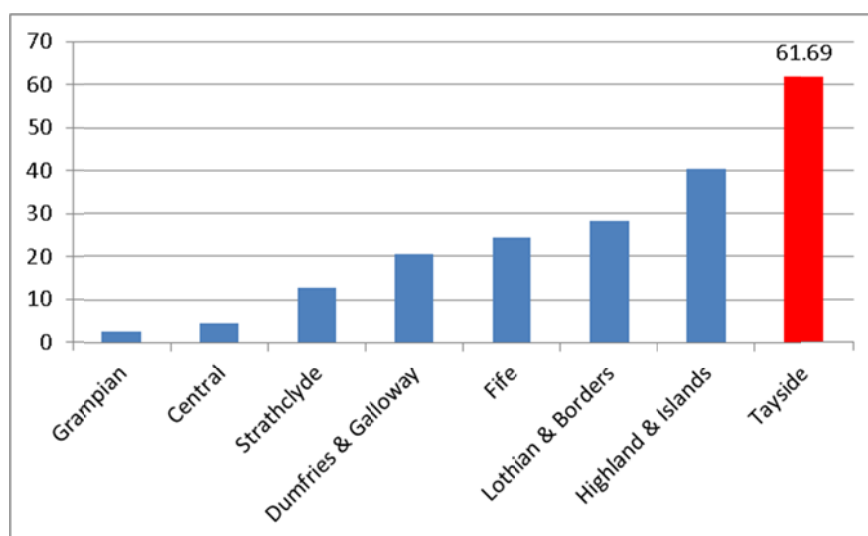
Source: CIPFA data adjusted by HM Treasury GDP deflator



## Prevention

**Tayside Fire & Rescue places an extremely strong emphasis on its preventative work. Proportionately, it carries out significantly more home fire safety visits and statutory fire audits than any other Scottish fire and rescue service. In addition, it seeks to target this preventative work, particularly by better accessing information from partner organisations on high risk and vulnerable individuals. There is evidence to show that this is having an impact, with the number of fires and related deaths and injuries falling at a faster rate in Tayside than in other parts of Scotland.**

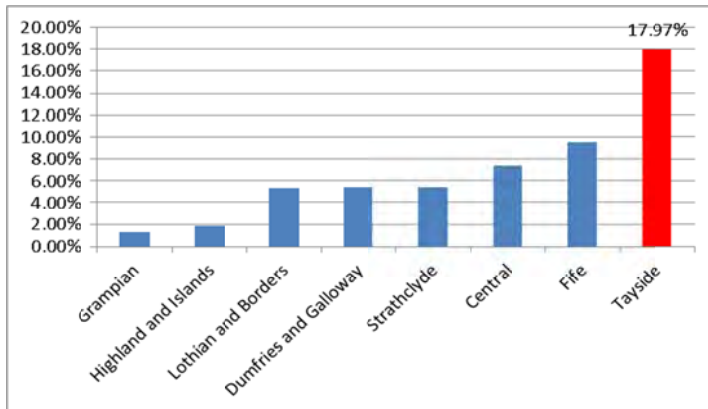
63. A key feature of the introduction of IRMP and the Fire (Scotland) Act 2005 was an increased emphasis on preventative work. Tayside Fire and Rescue places an extremely strong emphasis on its preventative role, seeking to meet its responsibilities through a combination of home fire safety visits, statutory fire audits, and a range of community safety education projects.
64. Home fire safety visits (HFSVs) form a core element of Tayside Fire & Rescue's preventative work. Its programme of HFSVs has grown from 3,313 in 2008/9 to 13,388 in 2010/11, with targets for further increases. Proportionately, Tayside now carries out by far the highest number of HFSVs in Scotland (Exhibit 7). In addition, it targets over half of all visits towards high risk groups. As highlighted earlier in this report, its partners are also contributing to the HFSV programme.
65. Along with its partners, Tayside Fire & Rescue provides community safety advice and carries out a range of preventative initiatives, through school visits, public events, diversionary programmes and other initiatives, such as *Safe Drive, Stay Alive*. It demonstrates a range of good practice in its approach, including: training community wardens on fire hazards to look out for and employing a partnership funded Home Safety Officer in Perth and Kinross to carry out a detailed prevention assessment for vulnerable people that includes slips trips and falls, electric blanket checks and portable electrical testing (PAT) in addition to a standard HFSV. In Dundee, community planning partnership meetings include, specific groups looking at fire related antisocial behaviour and broadening out HFSVs to be multi-risk checks.

**Exhibit 7: Home Fire Safety Visits per 1,000 dwellings, 2009/10**

Source: CFOAS Performance Indicators 2009/10

66. A key challenge in targeting prevention activity for all fire and rescue services is sharing information with partners to identify those people most vulnerable to fire. Many of Tayside's recent victims of fire were known to other public agencies. Tayside Fire & Rescue has therefore been developing information sharing protocols with community care and health and are beginning to get better information on vulnerable people, including those discharged from hospital, to target prevention activity. It is still too soon to see what impact this may have.
67. Tayside Fire & Rescue is also using increasingly creative and innovative ways of getting its prevention message across through engaging with young people and vulnerable people. For example, to promote its young firefighter programme, it worked with the local publisher DC Thomson to develop a young firefighter related comic strip featuring Dennis the Menace and Gnasher that featured in the June 2010 edition of the Beano.
68. Tayside Fire & Rescue has evaluated the impact of its HFSV programme. This clearly indicates that the implementation of the HFSV strategy and target setting methodology has greatly influenced organisational performance and the cultural behaviours of firefighters. The impact of its prevention work is also reflected in casualties from domestic fires having fallen around twice as fast as the Scottish average, as highlighted in paragraph 73 below.
69. Statutory fire safety audits of non-domestic premises are an important part of preventative work. Landlords and business owners are responsible for ensuring fire safety in their premises through, for example, carrying out self-assessments. However, a programme of fire audits is essential to provide guidance and to help enforce fire safety standards. In 2010/11 Tayside Fire & Rescue carried out 2,732 statutory fire audits. Proportionately, this is around double that of any other fire and rescue service in Scotland. This work was also targeted, with a focus on higher risk properties such as care homes, hotels and houses in multiple-occupation (Exhibit 8).

**Exhibit 8: Percentage of non-domestic properties subject to fire safety audits, 2010/11**



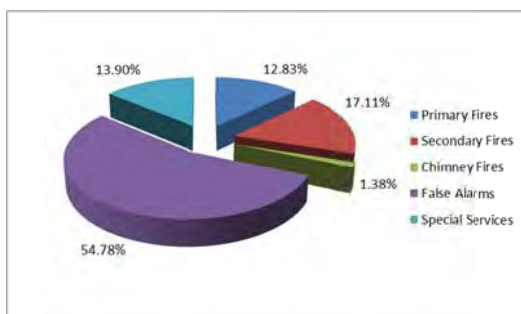
Source: Scottish Government Statistical Bulletin

## Emergency response

In line with national trends, there has been a long-term decline in the number of fires in Tayside. There has been some increase in the number of false alarms, but changes in Tayside Fire & Rescue's mobilisation policy has minimised the impact of this on the use of resources. Emergency response times have remained consistent over the past decade and are in line with other fire & rescue services, but it is not known how they compare to the locally-retained National Standards of Fire cover.

- In 2010/11, Tayside Fire & Rescue responded to just under 8,000 incidents. In line with the national pattern, about an eighth of these related to primary fires (those in buildings, vehicles or involving casualties). However, the proportion due to secondary fires (typically outdoor fires in heathland, rubbish bins or derelict buildings) was lower than the national average of a quarter of calls; with the proportion due to false alarms and 'special services' (primarily road traffic collisions and flooding) being a few percentage points above average (Exhibit 9).

**Exhibit 9: Analysis of emergency responses in Tayside, 2010/11**

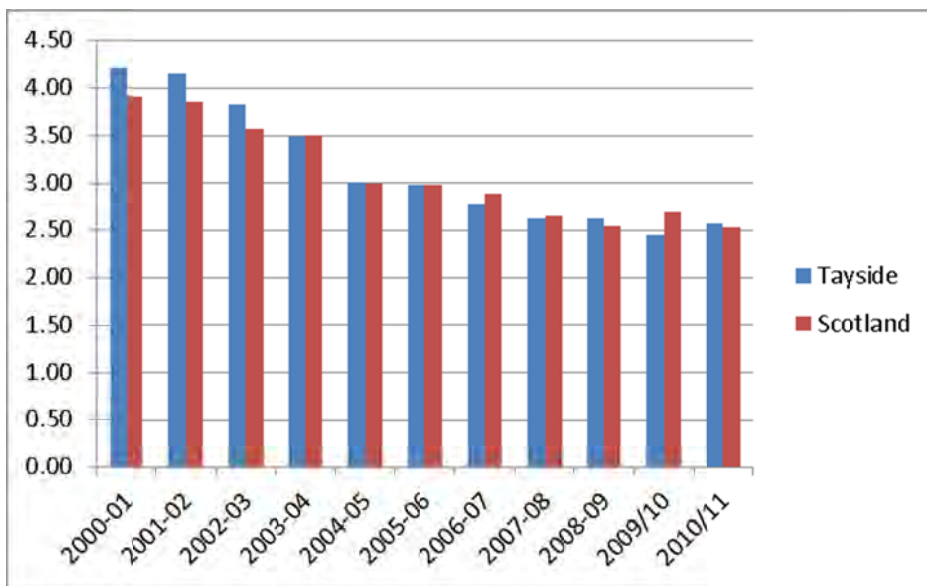


Source: Scottish Government Statistical Bulletin

## Number of fires and casualties

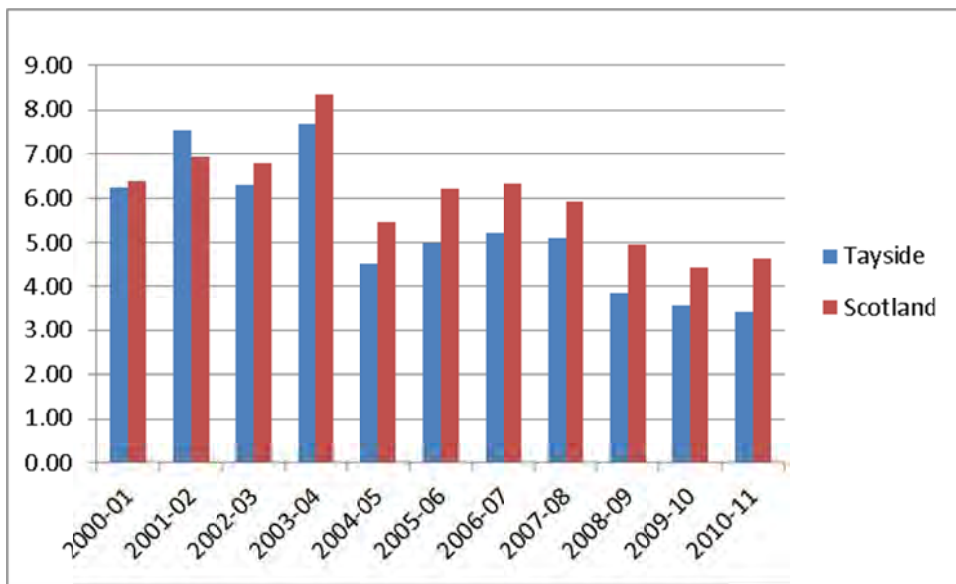
- 71. Historically, the level of fires within Tayside has been around the Scottish average. In line with national trends, there have been significant falls in the number of primary and secondary fires (Exhibits 10 and 11). This can only act as an indirect indicator of Tayside Fire & Rescue's performance as these trends are likely to be influenced by wider social issues, such as improvements in the housing stock or a decline in the number of people smoking. The spike in secondary fires during 2003/04, for example, was due to a dry summer and an increase in grassland fires. Nevertheless, the rate of decline in the number of fires, particularly secondary fires, has been greater in Tayside than in Scotland as a whole.
- 72. Within this overall decline, however, there has been a small increase over the past year in the number of primary fires within Tayside. This may be influenced by the current economic conditions or a simply a short-term statistical anomaly and it would be difficult to draw any firm conclusions on this change.

**Exhibit 10: Number of primary fires per 1,000 population**



Source: Audit Scotland

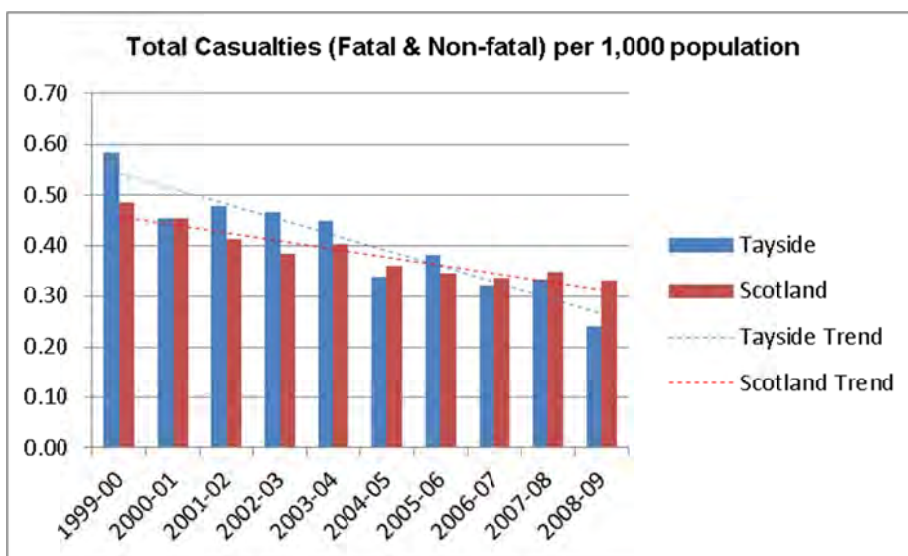
**Exhibit 11: Number of secondary fires per 1,000 population**



Source: Audit Scotland

73. Over the past decade casualty rates in Tayside have fallen by almost two thirds, around double the rate of decline across Scotland. There appears to be a correlation between the most significant drop in casualties from dwelling fires in 2008/09, with Tayside Fire & Rescue significantly increasing its programme of home fire safety visits in 2007/08, suggesting that its preventative work is having a positive impact (Exhibit 12). Since 2008/09<sup>3</sup>, casualties in Tayside have fallen by a further 20 per cent and are noticeably below the Scottish average.

**Exhibit 12: Casualties per 1,000 population**



<sup>3</sup> In 2009/10, the Scottish Government changed its definition for casualty statistics, meaning that it is not possible to compare data from 2009/10 with that for previous years.

Source: Audit Scotland

## Special Services

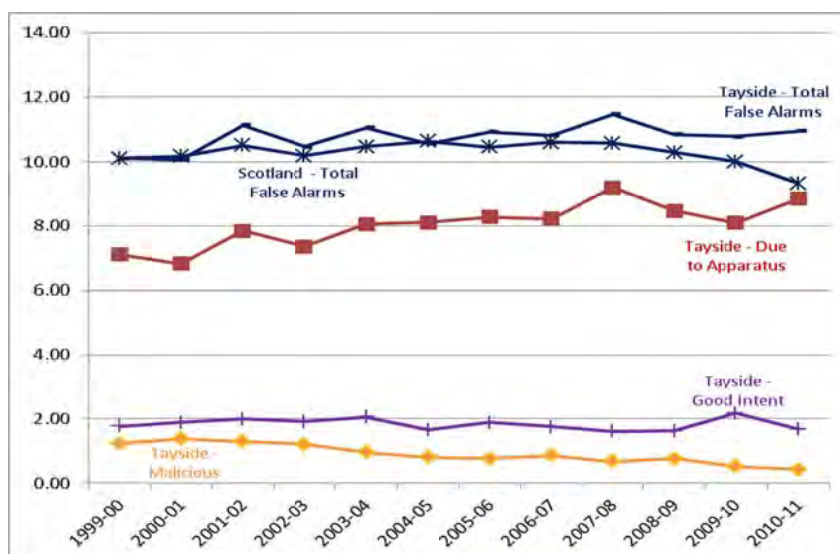
74. Tayside Fire & Rescue responds to an increasing number of ‘special service incidents’, such as flooding and road traffic collisions. These now represent around 14 per cent of its emergency responses. There are no performance measures available locally or nationally to assess the standard of this work. However, it is clear that Tayside Fire & Rescue has increased its capacity to deal with these incidents. For example, it has introduced dedicated water response vehicles, a boat rescue response and trained personnel in enhanced rope rescue techniques. It is also the only Fire and Rescue Service in Scotland to equip all its personnel with wet weather Personal Protective Equipment.

## False alarms

75. False alarms can be caused by a range of factors, such as malicious hoax calls or faulty automatic alarms. They account for around 55 per cent of Tayside Fire & Rescue's emergency calls. This represents a significant use of resources on non-productive work and, perhaps more importantly, means that there may be delays in responding to genuine emergencies.

76. Tayside Fire & Rescue's overall level of false alarms is above the Scottish average (Exhibit 13). Through a number of measures, such as call screening and community safety initiatives, it has successfully halved the number of hoax calls. However, this has been more than offset by increases in the number of automatic false alarms (AFAs). Over the past decade, these have increased by almost 30 per cent, the largest increase in Scotland. This is influenced by the drive within Tayside to increase the number of premises with fire alarms and to its intensive programme of fitting smoke detectors through its home fire safety audits.

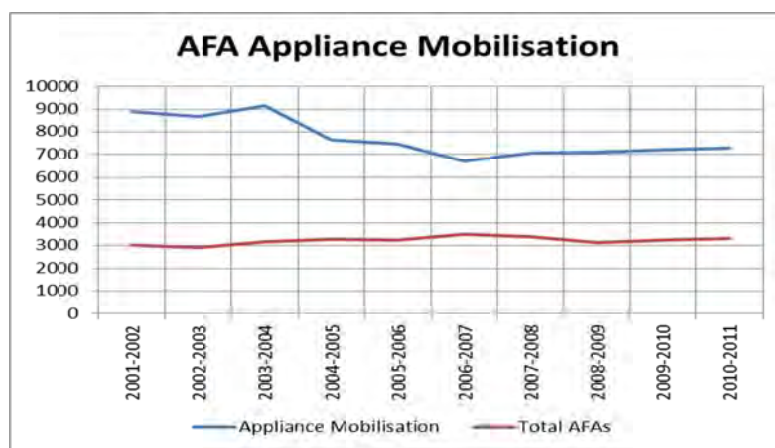
Exhibit 13: False alarms per 1,000 population



Source: Scottish Government Statistical Bulletin

77. Tayside Fire & Rescue has responded to this increase in AFAs. It has reviewed its predetermined response to AFAs and now uses a risk assessment to help prioritise the mobilisation of fire appliances. As a result, despite the increase in false alarms, it has actually reduced the overall number of fire appliances being called into action (Exhibit 14). As well as improving efficiency, the reduction in vehicle movements under blue light conditions also reduces Tayside Fire and Rescue's own road risk.

#### Exhibit 14: Appliance mobilisations to automatic fire alarms

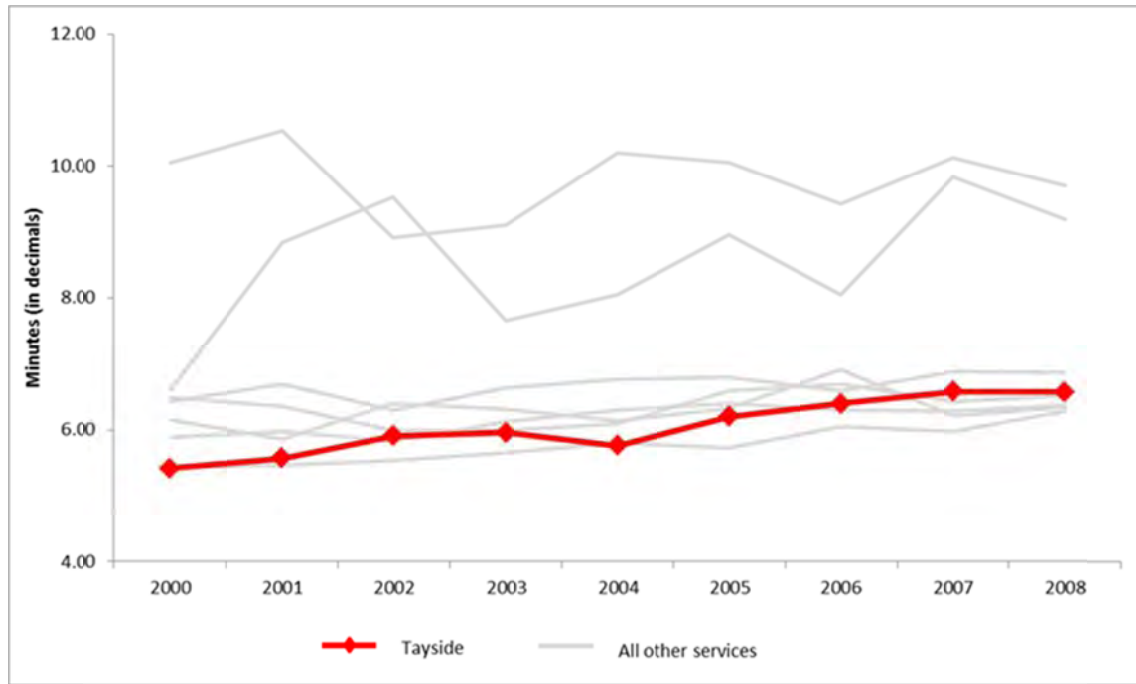


Source: Tayside Fire and Rescue

## Emergency response times

78. The speed of emergency response and number of vehicles and firefighters mobilised can be important factors in securing positive fire and rescue outcomes. Prior to 2005, standards of emergency response were set out in the National Standards of Fire Cover, with standards varying according to risk factors associated with different types of buildings. With the introduction of IRMP, these national standards were withdrawn. This allows individual fire and rescue authorities to determine their own speed and level of response to meet the specific level of risks identified in their IRMP.
79. Similar to a number of other Scottish services, Tayside Fire & Rescue has not developed its own local risk-based set of response standards. Despite this, the Scottish Fire & Rescue Advisory Unit (SFRAU), as part of its 2011 report, *Review of the Implementation and Impact of Integrated Risk Management Planning in Scottish Fire and Rescue Services*, showed that Tayside's Fire & Rescue's average response times for primary dwelling fires have remained consistent over the past decade and are broadly in line with the national pattern (Exhibit 15).

**Exhibit 15: Average emergency response times**



Source: *Review of the Implementation and Impact of Integrated Risk Management Planning in Scottish Fire and Rescue Services (SFRAU 2011)*



# Improvement Agenda

## Strategic planning

- Station plans can be further developed to more clearly identify specific local risks and how these determine local priorities.

## Role of members

- Board members need to ensure that they carry out their strategic leadership role effectively and that policy decision making processes are consistent with principles of good governance.
- Tayside Joint Fire and Rescue Board members need to provide more effective scrutiny of performance, including the individual performance of its appointed principal officers.

## Performance management

- The performance management framework in place can be further enhanced by use of comparative data and clearer links to local SOA performance to strengthen accountability and aid better scrutiny for members.

## Workforce management

- Staff appraisals need to be extended to retained duty system (RDS) firefighters and principal officers.

**ACCOUNTS COMMISSION**

**MEETING 15 DECEMBER 2011**

**NOTE BY SECRETARY & BUSINESS MANAGER**

**SHETLAND ISLANDS COUNCIL**

---

**Purpose**

1. The purpose of this report is to introduce the Controller of Audit's report on progress made by Shetland Islands Council in relation to its improvement plan.
2. The Commission is invited to consider the report and decide how it wishes to proceed.

**Background**

3. At its meeting on 20 January 2011, the Commission considered a report by the Controller of Audit on the 2009/10 annual audit of Shetland Islands Council.
4. The Commission noted that, in making findings in August 2010 following a hearing, it had required a further report from the Controller of Audit in around 12 months' time on progress by the Council. The Commission noted and approved the Controller of Audit's proposal to report in December 2011 so that further audit work could take account of milestones set out in the Council's improvement plan.

**The report**

5. The report is made under section 102(1)(a) of the Local Government (Scotland) Act 1973 (as amended by various subsequent pieces of legislation including the Local Government in Scotland Act 2003). The report is also being sent to the Council, which is obliged to supply a copy of the report to each member of the Council and make additional copies available for public inspection.
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
  - a. the accounts of local authorities audited under the Act;
  - b. any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public.

**Procedure**

7. 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.

8. The Controller of Audit and members of the audit team will be present at the Commission meeting and will be available to answer questions.

**Conclusion**

9. The Commission is invited to:
  - consider the report by the Controller of Audit on the progress made by Shetland Islands Council in relation to its improvement plan, and
  - decide how it wishes to proceed.

Paul Reilly  
Secretary and Business Manager  
6 December 2011

# **Shetland Islands Council**

**A Report by the Controller  
of Audit under Section  
102(1) of the Local  
Government (Scotland) Act  
1973**

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.

---

# Contents

<b>Commission's Findings</b> .....	<b>4</b>
<b>Introduction</b> .....	<b>5</b>
<b>Overall conclusions</b> .....	<b>7</b>
<b>The improvement plan</b> .....	<b>9</b>
Leadership, vision and strategic direction .....	11
Developing a Long term Vision .....	12
Political leadership and management .....	13
Governance .....	15
Management structures .....	16
Working relationships.....	17
Building capacity & sustaining improvement.....	18
Performance management and planning .....	20
Financial management and accountability .....	21
Other improvement activity .....	24
<b>Appendix: Summary of Progress on Accounts Commission Recommendations</b> .....	<b>27</b>

# Commission's Findings

# Introduction

1. The purpose of this report is to update the Commission on the progress Shetland Islands Council has made on its improvement action plan. The report includes the outcome of the further audit work requested by the Commission in August 2010 following the Public Hearing in June 2010.
2. On 9th December 2009, the Accounts Commission considered a report<sup>1</sup> under Section 102(1) of the Local Government Scotland Act 1973 on the Shetland Islands Council Annual Audit 2008/09. The report noted that the council's financial statements had been qualified for the fourth consecutive year and highlighted concerns about working relationships in the council, governance and accountability, and strategic leadership.
3. The Commission requested that I carry out further focused audit work and report on the council's actions to address the issues which led to the qualifications of the financial statements and the financial challenges it faces. The work would also assess the current position on member/ member and member/ officer working relationships and the impact on strategic leadership within the council.
4. On 13th May 2010 the Commission considered the resulting report<sup>2</sup>. In light of the nature of the issues covered in the report, the Commission decided to hold a public hearing. The public hearing was held in Lerwick on 28th and 29th of June 2010.
5. Following the hearing the Commission published its findings<sup>3</sup> on 16th August 2010. In the findings the Commission recommended:

*"The council must put in place a comprehensive programme of improvements as a matter of urgency to address the issues we have identified. The programme should set clear objectives, milestones and timescales for delivery.*

*This programme of improvements should ensure that:*

- *the council can develop the leadership, governance and strategic direction it requires*
- *there is the basis for effective working relationships among councillors and between councillors and officers*
- *all procedures for decision-making are robust and transparent, and can command public confidence*
- *the council has the capacity to deliver its financial strategy.'*

---

<sup>1</sup> [http://www.audit-scotland.gov.uk/docs/local/2009/sr\\_091209\\_shetland.pdf](http://www.audit-scotland.gov.uk/docs/local/2009/sr_091209_shetland.pdf)

<sup>2</sup> [http://www.audit-scotland.gov.uk/docs/local/2010/sr\\_100506\\_shetland.pdf](http://www.audit-scotland.gov.uk/docs/local/2010/sr_100506_shetland.pdf)

<sup>3</sup> [http://www.audit-scotland.gov.uk/docs/local/2010/ac\\_100816\\_shetland\\_findings.pdf](http://www.audit-scotland.gov.uk/docs/local/2010/ac_100816_shetland_findings.pdf)



6. The Commission went on to make 13 specific recommendations and required me to provide a further report 'in around 12 months' time' on the progress made by the council. The Commission also stated that, on receipt of the report; it would 'give consideration at that point to any further measures that need to be taken.'
7. The Local Government (Scotland) Act 1973 (as amended) required the council to consider the findings at a meeting of the council within three months of receiving them, and to decide whether to accept any or all of these recommendations and what action to take in response to them.
8. Alistair Buchan, the Chief Executive of Orkney Islands Council took up post on a secondment basis as interim Chief Executive in August 2010 for a fixed term of two years and three months with an option to extend for a further six months until April 2013.
9. At a meeting on 10th November 2010 the council accepted the Commission's recommendations and approved an improvement plan. The improvement plan set out a range of work-streams and associated milestones which include the introduction of new political management arrangements, the development of a medium to long term financial strategy and the creation of a new chief officer structure during 2011.
10. In January 2011 the Commission considered a report on the 2009/10 audit which highlighted that the auditors had given a qualified opinion on the financial statements of Shetland Islands Council for the fifth consecutive year. The qualification related to the fact that the council has not included the results of the Shetland Charitable Trust (SCT) in its group accounts for 2009/10. The Commission also agreed to take an update report at its meeting in December 2011. This timing was informed by the milestones in the council's improvement plan.

# Overall conclusions

11. The council has taken prompt action to address the issues highlighted in the audit reports and in the Accounts Commission's findings and has made good progress to date on implementing many important elements of its improvement plan.
12. Some aspects of financial management have improved; the council has introduced more effective financial planning and budget setting arrangements and agreed a strategic budget plan and principles to underpin its reserves policy. Budget monitoring reports to elected members have improved, but need to improve further.
13. Some aspects of financial management remain an area of significant concern however. The latest budget monitoring reports indicate that the council has significant challenges in delivering its 2011/12 budget. The process of finalising the annual accounts was problematic, the financial statements were qualified again due to the omission of the Shetland Charitable Trust results from the group accounts, and the annual audit report to the Controller of Audit and elected members raised concerns about the resourcing of the finance function.
14. In its findings the Accounts Commission recommended that:

'The council must put in place a comprehensive programme of improvements as a matter of urgency to address the issues we have identified. The programme should set clear objectives, milestones and timescales for delivery.'

And that

'This programme of improvements should ensure that:

- the council can develop the leadership, governance and strategic direction it requires
- there is the basis for effective working relationships among councillors and between councillors and officers
- all procedures for decision-making are robust and transparent, and can command public confidence
- the council has the capacity to deliver its financial strategy.'

15. Since August 2010 the council has:
  - accepted the Accounts Commission's findings and agreed an improvement plan
  - appointed an interim chief executive on a secondment basis on a fixed term contract, who has led the work on improving the council with considerable commitment and resilience, guiding the council through a series of important and difficult decisions
  - implemented new committee structures and appointed a council leader
  - implemented a set of supporting governance arrangements including new standing orders, schemes of delegation and codes of conduct

- implemented a new management structure which has resulted in a completely new management team at Director level
  - improved the working relationships between and amongst members and officers
  - adopted a longer term financial strategy and improved the budget setting process
  - engaged with a range of partners to improve capacity and support improvement
16. The full impact of the improvement action taken to date has yet to be realised and the council understands that there is still a long way to go before it can demonstrate all the attributes of a Best Value council. However, the changes to date do indicate a clear commitment to change and provide a solid foundation to support on-going improvement.
17. The council is moving in the right direction and there is a clear commitment to improve. The council's self awareness has improved and it understands that it must continue to focus on its priorities and what needs to improve for the future.

# The improvement plan

**The council has made good progress overall on its improvement plan, in particular by implementing new political management arrangements and a new management structure.**

**Some areas of financial management, including financial planning and budgeting, have improved. Significant concerns remain however about other aspects of financial management, including the process of finalising the financial statements, the qualification of the accounts and the resourcing of the finance function.**

18. In its findings, published in August 2010, the Accounts Commission made a range of recommendations. In response, the council agreed an improvement plan in November 2010. The plan contains 38 action points to address the Commission's recommendations under the following headings:
  - leadership, vision and strategic direction
  - governance
  - financial management and accountability
  - community planning
  - asset management
19. The council has made good progress overall on its improvement plan, in particular by implementing new political management arrangements and a new management structure.
20. The council has been working constructively with a range of external partners to support its improvement work in a number of areas.
21. Progress on the improvement plan is monitored regularly by the council's management team, and by elected members, both at committee and through a member officer improvement sounding board.
22. The pace of change has been good. Exhibit 1 illustrates the significant steps taken by the council since the Accounts Commission's findings and recommendations in August 2010.

## Exhibit 1

### Timeline of key events

Month	Key events
May 2010	Accounts Commission considers audit report by the Controller of Audit
June	Accounts Commission holds a Public Hearing in Lerwick
August	Interim Chief Executive takes up post

Month	Key events
	Accounts Commission publishes findings and recommendations
November	Council accepts the Commission's recommendations and agrees an improvement plan
January 2011	Revised member code of conduct comes into effect
February	Council agrees 2011/12 budget
March & April	Council approves process to develop strategic direction for the next 10-15 years Council agrees new committee structure and appoints members to committees Council agrees range of constitutional documents to support governance
May	New committees start to meet
June	Council agrees new management structure
July	Three of the five Directors appointed (Children's Services, Community Care Services, Development) Planning and Performance Management Framework (PPMF): Policy Direction agreed Community consultation and engagement guide approved Communications strategy approved Financial planning and budgeting framework approved
September	4th Director appointed (Infrastructure Services), council decides to re-advertise for the post of Corporate Services Director and advertises for Executive Manager - Finance Efficiency partnership group (comprising senior managers and union representatives) established
October	Consultation on the 2012/13 budget. Guidance issued to services on PPMF
November	Consultation on the 2012/13 budget. 2012/13 Strategic Budget Plan and reserves policy principles agreed Interim appointment to Director of Corporate Services post

Source: Audit Scotland

23. Appendix 1 summarises the progress the council has made on each of the recommendations made by the Accounts Commission.
24. Some elements of the improvement plan have not progressed in line with the original plan, though at this stage this does not represent a significant risk. In some instances, the delay has been as a result of the on-going management restructuring process. In other areas, deadlines have been revised to combine and link related areas of improvement work. The progress on improvement actions relating to financial management has been more mixed. Some aspects of financial management have improved; the council has introduced more effective financial planning and budget setting arrangements and agreed a strategic budget plan and principles to underpin its reserves policy. Budget monitoring reports to elected members have improved, but need to improve further.
25. Some aspects of financial management remain an area of significant concern. The process of finalising the annual accounts was problematic, the financial statements were again qualified due to the exclusion of the Shetland Charitable Trust results and the annual audit report to the Controller of Audit and elected members raised concerns about the resourcing of the finance function. The latest budget monitoring report indicated that the council has significant challenges in delivering its 2011/12 budget.
26. The 2010/11 financial statements were qualified because of the continued exclusion of the results of the Shetland Charitable Trust (SCT) in the council's group accounts. This is the fifth consecutive year that the accounts have been qualified for this reason and the sixth year that the council's statements have been qualified due to its group accounts. The audit team did not receive any further evidence from the council in 2010/11 to support the view that the SCT should not be included within the group. The council is working towards resolving the qualification for 2012/13.
27. 2011/12 budget monitoring reports indicate that, efficiencies are being made, but if approved budgets for 2011/12 are to be achieved, the council's reserves will fall below its target. The 2012/13 budget-setting process is under way and the council knows that difficult decisions will have to be made to maintain reserve levels at its target level.
28. In October 2011 the council reviewed the improvement plan and revised the allocation of lead directors and lead officers in light of the management restructuring.

## Leadership, vision and strategic direction

**The council has established new political management arrangements and a new management structure.**

29. Since his appointment in July 2010 the Chief Executive has led the work on improving the council with considerable commitment and resilience, guiding the council through a series of important and difficult decisions. In addition to governance and management restructuring these include; changes to the provision of secondary school provision at two schools, the 2011/12 budget process including a commitment to savings of £9.4 million, and decisions on the Viking Energy wind farm.

30. The council's most recent corporate plan was agreed in 2008 and was refreshed in 2010 for several reasons, including the need to include the impact of the economic downturn and the development of the Single Outcome Agreement. The plan is divided into two main parts: 'Maintaining a Sustainable Economy, Society and Environment', and 'Organising Ourselves Better', which sets out the key actions by the council to ensure the plan is delivered efficiently and effectively. The revision of the corporate plan was a positive step by the council and will help ensure that actions are planned to address current conditions. Progress on the corporate plan is reported to the council at six monthly intervals.

## Developing a Long term Vision

**The council has been working effectively with partners to develop a long term vision for the Shetland Islands.**

31. In its findings the Commission recommended that 'The council should agree effective procedures for engaging with the local community and understanding its needs and expectations, and put these procedures on a systematic basis.'
32. In March 2011 the council approved a process to develop the strategic direction for the Islands for the next 10 – 15 years. Using a 'scenario planning' approach, supported by external advisors, the council has been working with partners from the public, private and third sectors to develop a long term vision.
33. The council anticipates that the vision will set a clear policy framework within which other strategic plans, including the local development plan, the local housing strategy and the transport strategy and departmental service would operate.
34. The process is overseen by a steering group comprised of elected members, the chief executive and senior managers, representatives from NHS Shetland, the Shetland Charitable Trust, Voluntary Action Shetland and the business sector.
35. The steering group intends to develop the vision to a point where it will provide a strong basis for the council's new corporate plan which will be developed following the local government elections in May 2012.
36. In addition to embarking on the scenario planning exercise, the council agreed a new community consultation and engagement guide in July 2011. The guide is based on the national community engagement standards and has been adopted by the community planning partnership. The council has used the guide to support an extensive community consultation exercise to inform the 'Blueprint for Education' programme and the 2012/13 budget setting process. This involved members and senior officers taking part in a number of community consultation events during the autumn and winter, an e-mail suggestion box for residents and web based video messages by the Chief Executive and chief financial officer.

## Political leadership and management

**In April 2011 the council approved new political management arrangements and made appointments to various posts and committees. Though the arrangements have not been in place that long, the initial indications are that they are helping the council to conduct business in a more focussed and organised way.**

37. The council has:
  - established a formal role of 'leader of the council'
  - introduced an Executive Committee
  - revised its committee structure
  - agreed a new constitution and a range of supporting governance arrangements
38. Councillor Joseph Simpson has been appointed as the political leader of the council and chairs the Executive Committee. Councillor Alexander Cluness was appointed as Convener of the council. The Convener role is now more in-line with that role in other authorities, with the Convener chairing the council meetings and carrying out civic duties.
39. The leader's functions are set out in the Council's revised constitution and include chairing the Executive Committee, providing political leadership and direction for the organisation, leading the senior councillor chairs, working across the council to establish clear political direction, responsibility at political level for the management and maintenance of the council's reputation and providing the key political link between the officer structure and the political structure.
40. The council has established an Executive Committee made up of 11 members, including the leader, the convener, the chairs and vice chairs of the four functional committees and one other member.
41. The council has set up four functional committees:
  - Education and Families Committee (11 members)
  - Social Services Committee (11 members)
  - Development Committee (11 members)
  - Environment and Transport Committee (11 members)
42. The council has also set up additional committees and boards:
  - Audit and Standards Committee
  - Licensing Committee
  - Planning Committee
  - Harbour Board
  - College Board
43. The council adopted an inclusive process for developing the new committees and the underpinning governance arrangements. It held a series of seminars involving elected



members, officers and external advisers to inform the design of the new arrangements, develop a shared understanding of the issues, and improve working relationships.

44. The council has also adopted a range of other processes and forums to help it do business. It has used member seminars to inform policy development and these have provided a useful opportunity for members and officers to discuss issues and engage constructively. This has been a useful development and is in marked contrast to the previous arrangements where such discussions tended to be ad-hoc and restricted to a few individuals. Often this meant that the first substantive discussion and debate did not take place until a report was considered by a committee or full council.
45. In its findings the Commission recommended ‘ Councillors and senior officers should work together to improve the management information available to councillors, to enhance the capacity and commitment to deliver robust appraisal of policy choices, and thereby help to ensure that councillors are supported to develop the skills to discharge their scrutiny role rigorously.’
46. Since the summer of 2010 there has been an improvement in the content of agendas considered by the council and its committees and the quality of reports has improved. In recent years the agendas of council and committee meetings contained a high proportion of reports which were primarily for information and/ or did not contain clear recommendations. The Chief Executive highlighted the need for this to change very soon after he took up post and the content of both agendas and reports has been improving. Areas for improvement remain (as covered in other sections of this report), but the early signs are encouraging.
47. Improved agenda management and better quality reports have also helped members fulfil their scrutiny role more effectively. Our observation of meetings indicates that scrutiny is more focussed and is improving.
48. Our observations of a range of council, committee and informal meetings to date and interviews with key stakeholders also indicate that the new political management arrangements, although still in the process of bedding in, have improved the way in which council business is conducted and provide a solid foundation for continued improvement.
49. The council has taken some significant and difficult decisions to make progress on its improvement plan, in particular around the creation of, and appointment to, the new political management arrangements and management structures. The council has also taken difficult decisions as part of the ‘Blueprint for Education’ where it has agreed to cease secondary school provision at Scalloway school and primary provision at Uyeasound school.
50. There are some areas where progress has been more limited. For example, the long standing issue about the replacement for the Anderson High School (AHS) remains outstanding. The current position is that the new AHS is being progressed through the council's 'gateway' process to help the council evidence that best value is achieved. Following this process, the council will be evaluating and presenting the various options to members to support the decision-making process. The current economic climate means that there has been uncertainty over the sources of funding for the construction of the new school. At the end of

November, however, the Scottish Government confirmed that the council will be permitted to bid for funding for the replacement of AHS from Scotland's Schools for the Future programme.

## Governance

**The council has made significant progress in reviewing, updating and improving its governance arrangements. Though the new arrangements are still relatively new and are bedding in, the early indications are that improvement is being achieved.**

51. In its findings, the Accounts Commission recommended that the council should review its approach to governance.
52. In addition to establishing the new political management structures, the council agreed a comprehensive set of supporting governance and constitutional arrangements. The council secured external support to develop the arrangements.
53. The council's new constitutional arrangements include:
  - a Constitution – including sections on conduct, the principles of good governance, roles and responsibilities and core skills and competencies
  - standing orders for meetings
  - a scheme of administration and delegations
  - an ethical framework – including a protocol on councillor/ officer relations, the councillors code 2010 and an employee code of conduct
  - a scheme of remuneration and approved duties
  - a code of corporate governance
  - a protocol on chief officer appointments
54. In its findings the Commission recommended that 'Councillors should work together to ensure that they have a shared understanding of the requirements of the Code of Conduct and other relevant guidance for the way they approach the council's business.'
55. The constitutional documents are comprehensive and should provide a solid foundation to support the council conduct its business effectively. It is essential that members and officers are familiar with the content of the documents and, most importantly, fulfil their respective duties in accordance with them.
56. The council's financial regulations and standing orders are currently under development. During 2011 the council commissioned external support for the development of these regulations and standing orders. Revised arrangements are due to be in place by December 2011.
57. In its findings the Commission also recommended that 'The council should review the way in which it advises councillors on the issue of their interests, and ensure that it is able to explain coherently and publicly the way in which councillors are expected to approach recurring issues such as the role of councillors as trustees of Shetland Charitable Trust.' It also recommended

‘The council should ensure that senior officers, particularly the relevant statutory officers, are able fully to advise councillors on their obligations.’

58. The revised constitutional documents clearly set out the role of the council’s statutory officers, including the monitoring officer. This, in combination with the roles and responsibilities of members and officers covered in the other constitutional documents provides a reference point to support good governance. It is important that members and officers use this on an on-going basis to ensure that it can demonstrate that it is applying the principles of good governance.

## Management structures

**The council has agreed a new management structure and has made significant progress in implementing the new arrangements.**

59. In June 2011 the council approved a new senior management structure comprising:
- 5 Directors - replacing the previous arrangement of two Executive Directors and an Assistant Chief Executive
  - 34 Executive Managers - replacing 16 Heads of Service and 56 Service Managers
60. The main objectives of the management restructuring were to:
- Improve corporate leadership
  - Clarify lines of accountability, reduce duplication and ‘delayer’ the organisation
  - Improve communication within the organisation
  - Improve performance and efficiency
61. The 5 Directorates are:
- Children’s Services
  - Community Care Services
  - Corporate Services
  - Development Services
  - Infrastructure Services
62. In its findings, the Commission recommended that ‘The council should ensure that robust and transparent procedures are established and followed for the creation and filling of all posts, and the performance management and appraisal of all staff.’
63. The council approved a revised recruitment and selection process for the recruitment and selection of chief officers as part of updating its governance arrangements and secured external support for the process.
64. The council initially went through a robust internal recruitment process and, in July, appointed to three of the Director posts: Children’s Services, Community Care Services and Development Services. The appointments panel (which was made up of seven elected members) decided not to appoint to the two remaining posts and advertised externally. In

August, the council appointed an external candidate to be the Director of Infrastructure Services and in November made an interim external appointment to the post of Corporate Services Director.

65. The creation of posts and arrangements for staff appraisal are covered in the 'Building capacity & sustaining improvement' section of this report.
66. The council already has some shared services with NHS Shetland dealing with adult services, mental health, occupational therapy, GP primary care services and ophthalmics. Discussions are on-going between the council and NHS Shetland to consider further integration between health and social care services.
67. A combination of the recruitment process and early retirements has meant that none of the previous Executive Directors or the Assistant Chief Executive now hold Director posts.
68. The process of appointing to the next tiers of management is progressing, using a combination of job matching and internal and external recruitment where appropriate. At the time of writing all but four of these posts have been filled. The council aims to have completed this process by the end of the financial year 2011/12.
69. The council expects to make savings through the exercise. The council anticipates savings of £1.0 million in a full year (approximately 20% of the previous management cost for the posts covered by the restructuring.) The costs of voluntary severance will impact on these savings and will depend on the circumstances of the individuals involved, though the council expects that the costs will be recoverable within two years.
70. The council is now moving on to the next tier of management appointments at team leader level.
71. The council has implemented the restructuring process quickly to minimise the uncertainty associated with such an exercise. Inevitably however the process has led to some disruption and increased anxiety in a number of officers and has had some impact on the implementation of the improvement plan. This is to be expected, but it is important that the council ensures that it maintains the momentum on delivering the improvements.

## Working relationships

**Working relationships have improved. The council needs to ensure that effective working relationships are maintained to support continued improvement. This will be particularly important leading up to the council elections in May 2012.**

72. Previous audit reports have commented on the sometimes problematic working relationships in the council. Our observations of council meetings and interviews with key stakeholders indicate that working relationships have improved. The new governance arrangements, including new codes of conduct and the council's communications strategy have set clearer expectations and roles and responsibilities which have helped working relationships.

73. There have been instances where tensions have arisen, but these have been less frequent than in recent years. At the beginning of 2010/11 the council's Monitoring Officer was aware of outstanding complaints against four councillors. These complaints were investigated with the result that two of them were not upheld while the remaining two led to a report being submitted to the Standards Commission. Following a hearing, the Commission handed down a sanction of 'censure' against two councillors and this was reported at a council meeting in October 2010. During 2010/11 there were three further complaints made to the Standards Commission against five councillors. All of these complaints were dismissed. On 9th November the Standards Commission published a decision on a complaint made about 10 elected members in relation to the Viking Energy wind farm project. The Public Standards Commissioner for Scotland found that the members had not contravened the Councillor Code of Conduct.
74. It is important that the council continues to nurture positive working relationships to help ensure that it can continue on its improvement journey. Given the proximity of the local government elections in May 2012 the 'political temperature' will rise in all councils. Within this context it is important that the council does not allow this to have a negative impact on the overall improvement it is making.

## Building capacity & sustaining improvement

**The council has improved its capacity by implementing its improvement plan. The changes to political management arrangements, governance and management structures have all helped with this. The council continues to develop training and development to support members and officers and has brought in external expertise to support improvement in key areas.**

75. In its findings, the Commission recommended that 'The council should establish a comprehensive programme of training and development to be undertaken by all councillors and senior officers to enable them to understand how to perform effectively in their roles and how to demonstrate the value of good governance through their conduct. This programme should ensure that:
- councillors, in particular those holding positions with additional responsibilities, are able to develop clear and authoritative strategic leadership
  - councillors are able to distinguish appropriately the requirements of their separate duties as local representatives and corporate leaders,
  - mutual trust and respect is established among and between councillors and officers for their respective roles
  - senior officers establish a strong and effective commitment to meet their strategic corporate responsibilities.'
76. The progress on a range of the improvement plan actions covered elsewhere in this report provides evidence that the council is making progress in this area. The political management

arrangements and governance and constitutional documents help to clarify the roles, responsibilities and expectations of members and officers.

77. In addition, specific actions in the improvement plan are starting to help address the need to develop the capacity of the organisation.
78. The council has undertaken a range of training and development activities to support elected members, it: has:
  - held a range of informal seminars to members on governance and financial management
  - delivered briefings for members on decision making, chairing meetings, communications skills, corporate parenting and strategic environmental assessments
  - piloted 'e-learning materials' for members
  - engaged external support on areas of the improvement plan. This has given members alternative external perspectives on issues and arrangements.
79. Attendance at seminars and briefings by elected members has been encouraging overall, averaging 60 per cent. Attendance has varied however, though ranging from 95 per cent on the governance proposals to only 9 per cent on Strategic Environmental Assessment.
80. The council is currently using feedback from the activity to date to inform the development of a comprehensive induction programme for members to take place following the local government elections in May 2012.
81. Training and development for officers has been progressed in two ways. The council has purchased an 'e-learning package' to help support development. More importantly, the recruitment, selection and matching process has been used to identify training and development needs and the council plans to use this to inform individual training and development plans and a shared councillor/ senior manager leadership development programme.
82. In its findings, the Commission recommended that 'The council should ensure that robust and transparent procedures are established and followed for the creation and filling of all posts, and the performance management and appraisal of all staff.'
83. The recruitment and selection process is covered earlier in this report in the 'management structures' section. The council has also introduced arrangements to monitor the creation and filling of other posts in the organisation. Since May, the council has been considering reports on overall staff numbers as part of its efficiency and workforce strategy. Between 2007/08 and 2011/12 the number of full time equivalent posts grew from 2,536 to 3010, an increase of 19 per cent. From January 2011 all requests to recruit have been considered by a vacancy management panel chaired by a Director to ensure that senior management scrutiny was being applied to all recruitment. In September, the council approved the terms of reference for an Efficiency Partnership Group (EPG) to facilitate closer working between managers and trade unions to address the challenge of identifying and addressing efficiency savings. The number of full time equivalent employees has reduced by four per cent between September 2010 and September 2011.

84. The council agreed a performance appraisal system for the chief executive in December 2010, which is supported by an external facilitator. The employee review and development policy is being revised and the council plans to implement performance appraisal across the organisation from December 2011.
85. The council has also used external support in a number of ways to build its capacity to help meet its challenges. The council has secured support from:
- COSLA
  - SOLACE
  - The Improvement Service
  - peer senior officer support- from the Highland Council, Comhairle nan Eilean Siar, Falkirk Council and Scottish Borders Council
  - external advisers - sourced through SOLACE enterprises, the Improvement Service and others to support work on strategic direction, management restructuring, developing governance and accountability, financial planning and management, HR issues.

## Performance management and planning

**There has been some improvement in performance management and planning arrangements, but further improvement is needed in this area.**

86. In its improvement plan, the council committed to developing a planning and performance management framework (PPMF). The intention was that the framework would support the production of service plans and inform the budget process for 2012/13. The council also aims to implement the PPMF to support the community planning arrangements.
87. In July 2011, the council agreed a Policy Direction for the PPMF and while the report contains references to the core elements of a framework (objectives, strategic drivers, accountability arrangements and a planning and budgeting timetable) the framework is rudimentary at present. For the parts of the council where planning and budgeting arrangements are already well developed, the PPMF provides a checklist to help ensure the basics are covered. Where planning and budgeting arrangements are less well developed, the PPMF alone would not be sufficient to support the improvement the council wants to make. The council has recently developed additional guidance to supplement the PPMF policy framework to improve its delivery of the objectives of this work-stream.
88. Over the summer, the council procured an electronic performance management system which is used by a large number of other councils. Work is on-going to implement the system. If the system is implemented successfully it will provide the council with a useful tool to help it monitor performance in a more robust and systematic way.

## Financial management and accountability

**Some aspects of financial management have improved; the council has introduced more effective financial planning and budget setting arrangements and agreed a strategic budget plan and agreed principles to underpin its reserves policy. Budget monitoring reports to elected members have improved, but need to improve further.**

**Some aspects of financial management remain an area of significant concern however. The latest budget monitoring report indicated that the council has significant challenges in delivering its 2011/12 budget. The process of finalising the annual accounts was problematic, the financial statements were again qualified due to the exclusion of the results of the Shetland Charitable Trust and the annual audit report to the Controller of Audit and elected members raised concerns about the resourcing of the finance function.**

### Budget setting

89. In its findings, the Commission said 'The council should establish rigorous processes to ensure that it can put its use of resources on a footing that is consistent with implementing and sustaining its financial strategy, and demonstrate that it can deliver services in a way which achieves Best Value.'
90. In 2009, the council approved a strategy which established a single overall limit for drawings on reserves in 2011/12 of £24 million while maintaining the existing £250 million minimum level of reserves. On 10 February 2011 the council approved a budget for 2011/12 in line with this strategy. The budget included planned revenue savings of £9.4 million.
91. In July 2011 the council agreed a financial planning and budgeting framework, it also developed a timetable to review its reserves and charging policies and implemented Spend to Save projects.
92. The council is now preparing for the 2012/13 budget-setting process with the knowledge that difficult decisions will have to be made to ensure that the levels of reserves are maintained in line with its reserves strategy for future years. In October the Executive Committee approved a paper which detailed preliminary principles on the use of reserves for the 2012/13 budget strategy. This includes maintaining a reserves policy for the total of the general fund discretionary reserves (the reserve fund, the capital fund and the repairs and renewal fund) at no less than £250 million over the medium term. In November 2011 the council agreed a strategic budget plan for the 2012/13 budget onwards.

### Budget monitoring and delivery

93. A report by the Head of Finance to the Executive Committee in October 2011 indicates that the council has significant challenges in delivering its 2011/12 budget. It highlighted that, if the detailed approved budgets are achieved in 2011/12, the council's reserves will fall to £219 million. Between the original budget being approved in February 2011 and the report to the



Executive Committee in October, revisions were made which increased the planned draw on reserves to £47.4 million.

94. In October 2011, the council reported that £7 million out of the £9.4 million revenue budget savings for 2011/12 had been achieved and that there was a reasonable degree of certainty that the remaining £2.4 million would be delivered. However, the council also reported that there was still £6.1 million to fund from corporate savings during 2011/12.
95. The council has made improvements recently to the format of financial monitoring reports for members. It is essential that financial reporting improves further to ensure members have a complete and up to date view of the financial challenges facing the council and the options that are available.

### 2010/11 Accounts

96. In its findings, the Commission said that ' The council should address the weaknesses in its finance function to ensure that it complies with good practice and relevant objective standards, and provides appropriate information to allow councillors to exercise robust strategic budget management'
97. There were significant problems with the council's preparation and submission of the financial statements. Although the unaudited accounts were submitted to the Controller of Audit on the deadline date of 30 June 2011, they did not comply with the code of practice as several sections were incomplete. In particular, the group accounts section of the financial statements had not been completed. Further to this, the council's financial statements included the accounts of the Shetland Islands Council Pension Fund which should have been submitted separately to the Controller of Audit. Amended sets of accounts were submitted on 4th and 26th July and 12th September. The audit work continued until 30 September, when a final set of Code compliant accounts was received by the audit team.
98. The annual audit report states ' In conclusion, the number of errors and omissions in the financial statements submitted for audit was unacceptable. The number of revisions to these accounts has increased substantially the amount of work for both finance staff and the audit team to conclude the audit this year. Of greater concern is that the council advertised for public inspection a set of financial statements that were not Code compliant and have now been changed substantially. More rigorous review processes need to be put in place so that the 2011/12 unaudited financial statements comply with the Code and present a true and fair view of the council's position.'

### Qualification of the 2010/11 accounts

99. In its findings, the Commission recommended that the council 'should ensure that the qualification of its accounts in relation to the accounting treatment of the Shetland Charitable Trust is resolved in time for the audit of the financial statements for 2010/11.'

100. The 2010/11 financial statements were qualified because of the continued exclusion of the results of the Shetland Charitable Trust (SCT) in the council's group accounts. The annual audit report to members stated 'The council's financial statements are an essential part of accounting for the stewardship of its resources. For the fifth consecutive year, we have given a qualified opinion on the financial statements of the council. The qualification relates to the fact that the council has not included the results of the Shetland Charitable Trust (SCT) in its 2010/11 group financial statements. We have not received any further evidence from the council to support the view that the SCT should not be included within the council's group. It remains our view, therefore, that the omission of the SCT and its subsidiaries from the council's group financial statements is not in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 (the Code), and represents a material mis-statement of the group figures.'
101. The council and the charitable trust have engaged external legal advice on the matter of the trust and in September 2011 the Trust considered a report which recommended changes to the structure of the trust including a board made up of seven councillor and eight non councillor trustees. At the meeting the trustees voted not to change the trust's structure and decided to hold a referendum on the future governance of the trust. The timescales and the arrangements for the referendum are yet to be decided. In November the Chief Executive of the Office of the Scottish Charity Regulator wrote to the Trust raising concerns about the decision and requiring the trust to provide a timetable setting out the steps leading to changes to the trust's constitution. The letter also set out the actions OSCR might take if the trust did not comply, including issuing a direction to restrict the use of the trust's funds and a petition to the Court of Session.

## Resourcing of the finance function

102. The 2010/11 annual audit report to the Controller of Audit and elected members stated that 'the significant problems identified during the audit highlighted that there is a need to adequately resource the finance department to ensure that it has the capacity to deliver Code compliant financial statements' and that 'the recruitment of an Executive Manager for Finance, who will be the replacement Section 95 finance officer, should be advanced as soon as possible.'
103. On 31st March 2011 the former Head of Finance and the former financial accountant retired. At that time the former Executive Director of Education & Social Care agreed to take on the role of acting Section 95 officer on a temporary basis. She decided in July 2011 to leave the council, although she agreed to continue as the Section 95 officer working to oversee the finalisation of the 2010/11 accounts and the 2012/13 budget-setting process.
104. The council has reviewed the structure of the finance function and is currently recruiting a permanent Director of Corporate Services who will oversee the section. In the meantime, the council has appointed an interim Director of Corporate Services until March 2012. The recruitment of a replacement Section 95 finance officer should also be advanced as soon as possible. The council is currently exploring options on how best to do this following a recent,

but unsuccessful, recruitment process for the post of Executive Manager - Finance. The council is also currently recruiting to the post of financial accountant.

105. The council must ensure that the new S95 officer has adequate authority, profile and opportunity to challenge directors of services on budgetary matters, during times when difficult choices on expenditure and savings will need to be made.

## Other improvement activity

**The council has made improvements to a number of supporting systems and processes which help it to do business more effectively. Some of the commitments in the improvement plan are behind schedule and need further development, but they do not compromise the improvement plan overall.**

106. In its findings, the Commission recommended 'The council should improve the way it develops clear, coherent messages to communicate with the local community, and take steps to improve the way it conducts its relationship with the media and recognises the media's legitimate interest in council matters.'
107. The improvement plan committed the council to establishing a communications office and a communications strategy. The council agreed the communications strategy in July 2011 and the establishment of a communications office is progressing as part of the management restructuring process. The communications strategy sets out clear guidance and clarifies roles and responsibilities and the council has become more structured about how it manages communications both internally and externally with the media. One indication of this is the reduction in the number of 'leaks' which have resulted in press coverage of issues in advance of them being considered by the council. There have been some instances of this, but far fewer than in recent years.
108. The council continues to be the focus of extensive media coverage on the islands and senior members and officers, in particular the Leader and the Chief Executive, engage actively and constructively with the local press and broadcast media.
109. The council also agreed to establish dedicated support services for members as part of the improvement plan. Admin support arrangements for elected members have been improved and the council is reviewing how best to further support members as part of the management restructuring process.
110. The council has been developing a process for dealing with complaints. Following consultation with members and officers, draft policy and guidance documents have been developed. The council is considering how and when to best implement the new process though progress is slightly behind schedule. This is due in part to the fact that the Scottish Public Services Ombudsman (SPSO) is developing a national framework for dealing with complaints and the council wants to ensure any new complaints process is compliant with the new national guidance.

111. In its findings, the Commission recommended ‘ The council should develop a systematic approach to engaging with the wider local government community, ensuring regular attendance at meetings of professional and representative bodies, and learning from good practice.’
112. The council's improvement plan recognised that the council needed make its external engagement more effective in particular by being more integrated in the Scottish local government community. The council carried out an audit of elected member membership and attendance at national forums and mapped out external engagement by senior officers. The council also sought advice and guidance from COSLA, SOLACE and the Improvement Service. Though this improvement workstream has been subject to some slippage and is not yet concluded, the indications are that the council is making better use of external engagement and networks.
113. After some initial progress on sharing best practice and benchmarking, developments in these areas has faltered. This is mainly as a result of the management restructuring process. The council recognises that it needs to review the leadership and ownership of some the improvement work-streams in the light of the new management structure.
114. The council has made some progress in developing its arrangements for managing its assets. The council's improvement plan contains a commitment to develop a new asset management strategy by December 2011. An asset strategy manager has been in post since April 2011 and work on the strategy is progressing. At its meeting in June 2011, the council agreed to develop an HQ at a site in North Ness. This will allow the council to rationalise its estate and also have more officers in a single location which potentially helps improve communication and joint working.

## Community planning

115. The council is working with community planning partners to review and improve the community planning partnership structures.
116. The Commission did not make any specific recommendations in relation to community planning, though a number of the findings and recommendations for improvement have relevance to partnership working.
117. In its improvement plan, the council committed to reviewing the community planning governance structures and using the PPMF development to improve the effectiveness of the community planning arrangements.
118. In August 2011, the Community Planning Partnership's Delivery Group considered a report outlining the background to, and methodology for, carrying out a review of the partnership's strategic structures. The report notes the structural changes taking place in the council, the progress of the scenario planning exercise mentioned earlier in this report and concerns expressed by partners themselves about the ‘added value of the highest strategic level of community planning in Shetland.’

## Strategic reviews

119. The council is progressing a number of strategic reviews alongside its improvement plan. A number of these are at a fairly early stage and so the impact is yet to be proven, however the range of review work indicates a commitment to improvement.
120. The range of review work includes:
- Education Blueprint – this has led to changes to schools provision and other savings
  - review of financial and HR administration – a project plan has been agreed and work-streams are being scoped
  - Integration of Health and Social Services/ Community Care Review –this will provide recommendations in 2012
  - ferries review – recommendations will be provided in 2012
  - Ports for the future review – this led to the introduction of new terms and conditions for pilots, launch crew and tug crews and changes to the tug service and engineering services during 2011 and is anticipated to deliver year on year savings in the region of £1.8 million
  - Estates and Direct Labour Organisation review – a project brief was considered by the corporate management team in November 2011

FRASER MCKINLAY

CONTROLLER OF AUDIT

7th December 2011

# Appendix: Summary of Progress on Accounts Commission Recommendations

Recommendations	Summary of Progress
<p>The council must put in place a comprehensive programme of improvements as a matter of urgency to address the issues we have identified. The programme should set clear objectives, milestones and timescales for delivery.</p>	<p>On 10th November 2010 the council accepted the Commission's recommendations and approved an improvement plan. The improvement plan set out a range of work-streams, associated milestones and identified responsibilities.</p>
<p>This programme of improvements should ensure that:</p> <ul style="list-style-type: none"> <li>• the council can develop the leadership, governance and strategic direction it requires</li> <li>• there is the basis for effective working relationships among councillors and between councillors and officers</li> <li>• all procedures for decision-making are robust and transparent, and can command public confidence</li> <li>• the council has the capacity to deliver its financial strategy.</li> </ul>	<p>The council has agreed a new role of leader, convener and a new committee structure</p> <p>It has agreed a comprehensive set of supporting constitutional documents</p> <p>It is developing a long term vision for the islands with its partners</p> <p>Working relationships have improved</p> <p>Some aspects of financial management have improved. Significant concerns remain about some other aspects of financial management</p>

Recommendations	Summary of Progress
<p>Specific recommendations</p>	
<p>a) The council should establish a comprehensive programme of training and development to be undertaken by all councillors and senior officers to enable them to understand how to perform effectively in their roles and how to demonstrate the value of good governance through their conduct. This programme should ensure that:</p> <ul style="list-style-type: none"> <li>• councillors, in particular those holding positions with additional responsibilities, are able to develop clear and authoritative strategic leadership</li> <li>• councillors are able to distinguish appropriately the requirements of their separate duties as local representatives and corporate leaders</li> <li>• mutual trust and respect is established among and between councillors and officers for their respective roles</li> <li>• senior officers establish a strong and effective commitment to meet their strategic corporate responsibilities.</li> </ul>	<p>The process of developing new political management arrangements and constitutional documents was informed and supported by a range of seminars with elected members.</p> <p>The council has developed and delivered a range of training and development arrangements for elected members. This is informing its induction arrangements for elected members following the local government elections in 2012</p> <p>It has carried out management training needs analysis as part of the recruitment and selection process for the management restructuring.</p>
<p>b) The council should review its approach to governance, and ensure that rigorous systems are in place to support clear and transparent decision-making, such as formal recording of meetings and routine systems for the dissemination of decisions and information to staff and the public.</p>	<p>The council has revised its political management arrangements, introduced new committees, new roles and new constitutional documents.</p> <p>Committee meetings are more formal and business and the quality of agendas and reports is improving.</p> <p>A new Communications strategy is making internal and external communications and dealing with the media more</p>

Recommendations	Summary of Progress
	structured and consistent.
<p>c) The council should agree effective procedures for engaging with the local community and understanding its needs and expectations, and put these procedures on a systematic basis.</p>	<p>The council has introduced a community engagement strategy and is using it as part of its budget consultations which are currently under way.</p>
<p>d) The council should improve the way it develops clear, coherent messages to communicate with the local community, and take steps to improve the way it conducts its relationship with the media and recognises the media's legitimate interest in council matters.</p>	<p>A new Communications strategy is making internal and external communications and dealing with the media more structured and consistent.</p>
<p>e) The council should develop a systematic approach to engaging with the wider local government community, ensuring regular attendance at meetings of professional and representative bodies, and learning from good practice.</p>	<p>The council is making better use of attending external meetings, for example at COSLA.</p> <p>There has been more limited progress on an improvement workstream relating to benchmarking and sharing good practice.</p>
<p>f) Councillors and senior officers should work together to improve the management information available to councillors, to enhance the capacity and commitment to deliver robust appraisal of policy choices, and thereby help to ensure that councillors are supported to develop the skills to discharge their scrutiny role rigorously.</p>	<p>The quality of reporting has improved, though can still improve further</p>



Recommendations	Summary of Progress
<p>g) Councillors should work together to ensure that they have a shared understanding of the requirements of the Code of Conduct and other relevant guidance for the way they approach the council's business.</p>	<p>The codes of conduct and conduct of business formed a core part of developing the new governance arrangements and constitutional documents.</p> <p>The council had a number of seminars involving Improvement Service, Standards Commission and external support about the proposals etc.</p> <p>Elected members have attended training events on decision making, chairing meetings and communication skills.</p>
<p>h) The council should review the way in which it advises councillors on the issue of their interests, and ensure that it is able to explain coherently and publicly the way in which councillors are expected to approach recurring issues such as the role of councillors as trustees of Shetland Charitable Trust.</p>	<p>Role of elected members and statutory officers is defined in the constitutional documents and formed part of the member seminars.</p>
<p>i) The council should ensure that senior officers, particularly the relevant statutory officers, are able fully to advise councillors on their obligations.</p>	<p>Role of elected members and statutory officers is defined in the constitutional documents and formed part of the member seminars.</p>
<p>j) The council should establish rigorous processes to ensure that it can put its use of resources on a footing that is consistent with implementing and sustaining its financial strategy, and demonstrate that it can deliver services in a way which achieves Best Value.</p>	<p>Progress on improving some aspects of financial management including strategic financial planning and budget setting</p> <p>Progress has been more limited in other areas including; the process of finalising the financial statements and this remains an area of significant concern.</p>

Recommendations	Summary of Progress
	<p>The latest budget monitoring report indicated that the council has significant challenges in delivering its 2011/12 budget.</p>
<p>k) The council should address the weaknesses in its finance function to ensure that it complies with good practice and relevant objective standards, and provides appropriate information to allow councillors to exercise robust strategic budget management.</p>	<p>Budget monitoring reports to elected members have improved, but further improvement is required.</p> <p>The October 2011 annual audit report to the Controller of Audit and elected members highlights this as an area of concern.</p> <p>In November 2011 an interim appointment has been made to the post of Corporate Services Director until March 2012 and a recruitment process is under way for a permanent appointment to this post and the post of financial accountant</p>
<p>l) The council should ensure that the qualification of its accounts in relation to the accounting treatment of the Shetland Charitable Trust is resolved in time for the audit of the financial statements for 2010/11.</p>	<p>The 2010/11 financial statements were qualified.</p>
<p>m) The council should ensure that robust and transparent procedures are established and followed for the creation and filling of all posts, and the performance management and appraisal of all staff.</p>	<p>Robust recruitment and selection procedures were used to support the population of the new management structure and vacancy management is subject to close scrutiny.</p> <p>Performance management and appraisal arrangements are developing.</p>

