

# Argyll and Bute Council

## The Audit of Best Value and Community Planning

Prepared for the Accounts Commission

February 2006



**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 Executive and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.



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# Commission findings

1. The Commission accepts this report on the performance of Argyll and Bute Council's statutory duties to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the co-operation and assistance given to the audit process by members and officers of the council.
2. We recognise the particular challenges faced by the council because of its geographic remoteness and the diversity of its population settlements. However, the council has not fully grasped the opportunity to implement Best Value which would help it to address those challenges. It remains traditional in its approach to managing its business and needs clearer leadership and drive to follow through on its initiatives and to embed a culture of continuous improvement in the organisation for the benefit of the local population.
3. In order to develop that culture of continuous improvement, the council needs to address the improvement agenda set out in the report and pay particular attention to:
  - Developing the corporate capacity of the Strategic Management Team to play a more effective role in promoting Best Value, for example by engaging external support.
  - Developing and using an effective strategic service planning framework and an effective corporate performance management system to drive up performance.
  - Developing and using a clear sustainable financial strategy, linking financial planning to corporate objectives and shifting resources to meet agreed priorities.
  - Learning to recognise and spread the value of developments taking place within individual services to the organisation as a whole.
  - Gaining a better understanding of what is happening in improving and modernising services in other organisations, including other councils.
4. The Commission looks forward to receiving an Improvement Plan from Argyll and Bute Council which is directed to developing a culture of continuous improvement and which is achievable and measurable.





# The Audit of Best Value

This report is made by the Controller of Audit to the Accounts Commission under section 102(1) of the Local Government (Scotland) Act 1973. After considering it the Commission may do any or all of the following:

- direct the Controller to carry out further investigations
- hold a hearing
- state its findings.

The Local Government in Scotland Act 2003 introduced new statutory duties relating to Best Value and Community Planning. The scope of Best Value and Community Planning is very broad but in general terms a successful council will:

- work with its partners to identify a clear set of priorities that respond to the needs of the community in both the short and the longer term
- be organised to deliver those priorities
- meet and clearly demonstrate that it is meeting the community's needs
- operate in a way that drives continuous improvement in all its activities.

The challenge for local government is to find new ways of working across services and with other bodies to achieve the best results for citizens and service users. The key objectives of this audit were to:

- assess the extent to which Argyll and Bute Council is meeting its duties under the Local Government in Scotland Act 2003, and
- agree planned improvements with the council. These will be reviewed by the council's external auditor over the next three years.

As Best Value and Community Planning encompass all the activities of a council it is not realistic to audit everything in depth, so we plan our detailed work in two ways:

- Where possible, we draw on the findings of other scrutiny processes, such as the work carried out by the council's external auditors and by inspectorates. These are incorporated into our report.
- We select certain aspects of the council's performance for detailed audit investigation. A wide range of sources, including the council's own assessment of its performance, reports issued by external audit and inspections, and national Statutory Performance Indicators, informs this selection.

The report reflects this selective approach, with detailed commentary on some areas and limited or no coverage in others. We have made some comparisons with other councils, but our overall approach has focused on performance trends and improvement within Argyll and Bute Council. The report also reflects the picture available at the time our main audit work was conducted between August and September 2005.



We gratefully acknowledge the co-operation and assistance provided to the audit team by Councillor Allan Macaskill (Leader of the Council), James McLellan (Chief Executive), and all other members and officers contacted during the audit.



# Overall conclusions

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Argyll and Bute Council has made limited progress in establishing Best Value. Elected members, the chief executive and some senior officers need to provide clearer leadership to drive change and promote a culture of challenge. Continuous improvement is not embedded in the way the council works and it remains largely traditional in its approach to delivering services and managing its business. At a corporate level, the council does not focus sufficiently on the people who use its services.

While elected members and officers have worked together effectively to deliver major projects, efforts must now be directed towards making up for lost time in addressing Best Value. A number of services perform well, but the council needs to ensure that all services have a culture of rigorous challenge and improvement.

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1. Argyll and Bute Council faces many challenges because of its geographic remoteness and the diverse circumstances of its population, who live in a mixture of urban developments and remote mainland and island settlements. The problems this presents are compounded by poor transport links. The council's elected members and senior officers have a good understanding of these issues and there is a high degree of political consensus about the key challenges faced by the local area.
2. By implementing the principles of Best Value the council would be in a strong position to address these challenges effectively. However, the council has not fully grasped this opportunity. There is sound performance in traditional areas of management, but elected members and senior officers have not provided the clear leadership needed to drive Best Value and continuous improvement across the organisation. The chief executive and the strategic management team have not driven change at a fast enough pace, fostered a rigorous culture of challenge within the council or concentrated their focus on the people who use services. As a result, the council has made limited progress in addressing the Best Value agenda.
3. The council is ambitious for its local area and has developed a vision of being the 'leading rural area'. This has not been translated into specific actions that it can deliver and the corporate plan does not provide a clear focus to support service planning and drive the continuous improvement in service delivery that Best Value requires.
4. While a Citizens Panel is in place and consulted regularly, the council needs to do more to find out the views of local residents on the services it provides and take a more systematic and coordinated approach to consultation. It needs to get better at telling people what it does and how it is performing, and access to services and information could be improved significantly. Despite this general picture, there are some good examples of individual services listening to service users and acting on what they say.



5. Recognising the importance of diversity in its communities and to bring decision-making closer to local people, the council has established a system of area committees. It could do more to develop the potential of these committees to shape and monitor local services, and support effective scrutiny. Scrutiny and accountability arrangements need to be clarified, particularly in relation to local area plans. Members need better information on the cost and quality of services to enable them to properly discharge their scrutiny role and make informed decisions.
6. The council spent a significant amount of time in recent years considering its overall direction and management. This resulted in a new structure and there is evidence of a better, more co-operative working style within the strategic management team, but it is not clear that it is delivering the full benefits of a more strategic approach to service delivery and resource management. Some major strategic projects have been delivered in recent years, which have required significant attention from senior managers, but the council's overall approach to corporate and strategic management needs to be strengthened.
7. Some examples of good practice have emerged within services but often remain isolated. For example, the Community Services directorate is striving to develop services, achieve more effective working through integration and improve standards across its service activities. A more effective approach to corporate leadership and management would ensure that all areas of the council address these issues and that a culture of continuous improvement is developed.
8. The chief executive and the strategic management team must take action to put the systems and processes in place to support continuous improvement in services and ensure that the best use is made of available resources. An effective performance management framework needs to be introduced, and decisions about the way services are delivered must be based on better information about the cost and quality of all available options. The council needs to develop a clear and sustainable long-term financial strategy. Rapid progress is needed to develop and implement a comprehensive customer contact strategy now that the required resources are in place.
9. The lack of a sound strategic planning and corporate performance management framework makes it difficult to form a clear, overall view of how services are performing. The information available suggests some good performance in some areas, notably in Education and Housing, but the audit has identified the need for more challenge to promote continuous improvement in performance.
10. Much of the council's difficulty in delivering Best Value is related to the lack of understanding and effective drive from the corporate centre. There is a need for more creativity, for links to be made between Best Value and real service delivery issues, and for a significant increase in the pace of change. Initiatives remain unfinished in some cases and Best Value Reviews have resulted in little fundamental change.





11. In response to the Local Government in Scotland Act 2003, and preparing for audit, elected members and staff were frank about where the council needs to do better. As a result the council has already identified many of the areas most in need of improvement. The challenge for the council will be to ensure it has the capacity to develop and undertake a robust and structured programme of improvement across all areas of the organisation. Change needs to happen quickly and effectively if the council is to make up for lost time in addressing its statutory duty of Best Value. External support may be necessary in the short term to act as a catalyst for change.



# Part 1: Does the council have clear strategic direction?

The council has made limited progress in establishing Best Value. Elected members and senior officers need to provide clearer leadership to drive continuous improvement in services. The chief executive needs to lead the strategic management team more effectively in addressing Best Value, and the team as a whole needs to become more focused on the people who use services. The council is ambitious for its local area but needs to do much more to translate its vision of being the 'leading rural area' into specific actions that it can deliver. The corporate plan does not provide a clear focus to support service planning and drive the continuous improvement in service delivery that Best Value requires.

## Context

12. Argyll and Bute Council faces a number of challenges in its local area. It covers a large geographic area, representing a tenth of the land mass of Scotland, but its population is relatively small (91,000) and widely dispersed. While almost half of the population live in the five towns (Campbeltown, Dunoon, Helensburgh, Oban and Rothesay), nearly a fifth live in more isolated locations. Population density is lowest on the 25 Atlantic Islands, which are home to about 17% of the population.

13. The population of the area is declining and is predicted to continue to fall at roughly the same rate as the rest of Scotland. However, decline in the 16-24 year age band is outpacing the rest of Scotland, particularly in the Atlantic Islands. Argyll and Bute has lower than average levels of unemployment, but this is partly because many younger people leave in search of work or to take up educational opportunities. In light of this it is important that the council builds on its initial work and takes a more strategic approach to securing its future workforce.



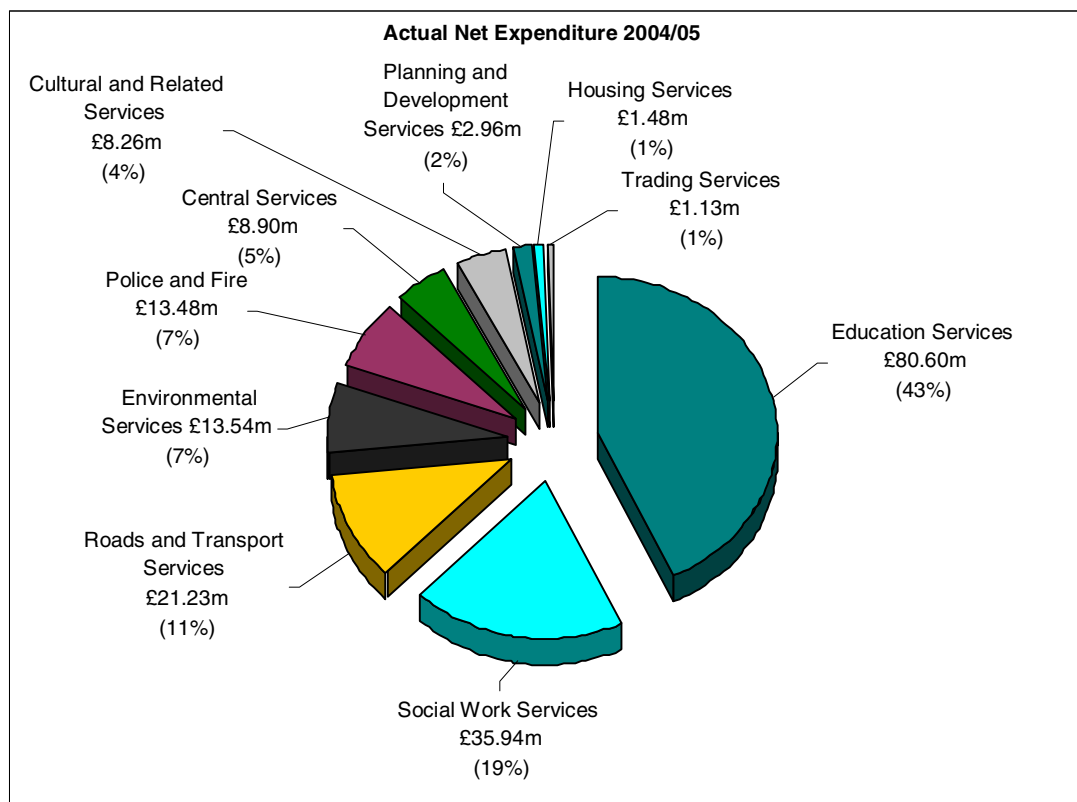


14. The local economy is predominantly service-based, with a far higher percentage of jobs in public and other services than the rest of Scotland. The council is a major employer. There is also a high percentage of seasonal jobs. Long term unemployment is higher than the rest of Scotland. Average earnings are 13% lower than the rest of Scotland. A higher than average percentage of households are fuel poor. The council is very aware of the important economic impact of any major developments it undertakes.
15. Argyll and Bute students exceed the Scottish average in terms of qualifications attained. Primary school classes are twice as likely to be composite classes than the Scottish average, due to the rural nature of much of the council's area. There are significant problems with the school estate. The council is beginning to address this through the recently concluded public private partnership deal. The council has pursued an innovative approach through a non-profit distributing organisation (NPDO). The deal will ensure that two-thirds of secondary pupils and a third of primary pupils will have significantly improved facilities. Options for the remaining rural primary schools still need to be fully considered. These are expensive to run and in need of significant repair.
16. A significant proportion of local houses are vacant, second or holiday homes, and therefore do not contribute to meeting local housing needs. It has been estimated that up to 4% of council stock could fail to meet tolerable standards and 83% of the stock is in need of some repair, 46% of which is urgent. In response, the council decided to pursue a large scale transfer to community ownership. Tenants have recently voted in favour the stock transfer and a final decision on this will be made in spring 2006.
17. Transport links within the area are poor and present the council with many challenges:
  - People rely heavily on cars and the quality of the area's roads network is a significant issue for the council. Rates of road accidents and road fatalities are higher than for Scotland as a whole.
  - Ferry services are important to the area - 17% of people live on an island whose access to the mainland is dependent on a ferry or personal vessel. Ferries also provide commuter links to Glasgow.
  - Rail services are available from a very limited number of places within the area.
18. Sustainable development is a key issue for the council, both in terms of sustaining remote communities and ensuring development projects do not spoil the outstanding natural environment, which includes part of Loch Lomond and Trossachs National Park and eight National Nature Reserves. Air and drinking water quality is good and there are low levels of pollution.
19. The council's net revenue expenditure on services was £188 million in 2004/05. This equates to around £2,066 per head of population compared with a Scottish average of £1,809. The Band D council tax for 2005/06 is higher than the national average (£1,117 compared to £1,094).



## Exhibit 1

The council spent £188 million providing services in 2004/05



Source: Argyll and Bute Council, Annual Accounts 2004/05

20. The council has 36 elected members. Twenty-one independent members have formed the Independent Councillors' Group, which is the current administration. There are also eight Liberal Democrats, three Scottish Nationalists, two Conservatives and two Argyll and Bute Independents.

## Leadership and culture

**Elected members and senior officers need to provide clearer leadership to drive the Best Value agenda forward.**

21. Argyll and Bute Council's elected members and strategic management team need to provide clearer leadership and the drive necessary to ensure that Best Value principles are embedded in the culture of the organisation. To date, the council has not made enough real progress in addressing the Best Value agenda. For example: it needs a stronger focus on improving services in line with the needs of the people who use them; performance management and business planning processes need significant development; and there needs to be more useful information about the cost and quality of services.



22. In response to the Local Government in Scotland Act 2003 and in preparing for audit, the council has identified the main processes that need to be developed or strengthened. The challenge for the council will be to undertake a structured programme of improvement to ensure it meets its statutory duty of Best Value. The council needs to recognise the extent of the cultural change required to begin to deliver Best Value effectively within an acceptable timescale. For this to happen, clearer direction must be given from the top of the organisation. Elected members and senior officers must articulate a clear vision for improving services to drive the council's approach to Best Value.
23. There is a Senior Members and Officers Group (SMOG) that has the potential to drive the council's efforts towards achieving Best Value and becoming more customer-focused. The SMOG meets regularly and provides a good forum for discussion but it needs to become more dynamic. At present it discusses major projects and initiatives, and considers financial monitoring reports. There is some consideration of performance but better information is needed to support this. More systematic discussion of performance improvement would give added impetus to promoting Best Value throughout the organisation.
24. Within the council there is high degree of political consensus about the challenges facing the local area and members and officers have worked well to deliver major projects such as the public private partnership for schools, the Campbeltown Community project (combining a swimming pool, sports and library facilities in one purpose-built building), and in preparing for the prospective transfer of its housing stock to community ownership. These projects were taken forward during a time when the council was implementing a major internal restructuring. The council's ability to work with broad consensus should assist it in sharpening its strategic focus and delivering its objectives.

## The strategic management team

**The chief executive needs to lead the council's strategic management team more effectively in addressing Best Value. The team as a whole needs to become more focused on improving and modernising services for the people who use them.**

25. The role of the chief executive is critical to a council's success, providing clear and corporate leadership for the senior management team and a creative drive for change and improvement. The current arrangements in Argyll and Bute work best in the more conventional roles of coordination and administration where there is evidence of sound performance. These remain important, but do not fully address Best Value requirements. The strategic management team is strong in the traditional areas of budgetary control, probity and high standards of conduct. It is less effective in initiating new ways of working and in offering challenge and creativity.
26. Significant resources have been required in recent years to deliver the schools public private partnership deal, and to prepare for the large scale transfer of the housing stock to community ownership. The chief executive and other members of the strategic management team now need to



develop a clearer corporate focus on improving services to meet the needs of local people. There are individual strengths at directorate and service levels. However, the team as a whole needs to play a more effective role in promoting Best Value, identifying and championing good practice, and encouraging learning throughout the organisation.

27. The council should examine the team's current capacity to lead the demanding change agenda required and bring about the necessary shift in focus within an acceptable timescale. It needs to identify and address development needs and it may benefit from external support to act as a catalyst for rapid change in the short term. Progress on development targets can then be monitored through individual performance reviews on a regular basis. The council is exploring the introduction of an effective programme of leadership development for senior and future managers to meet its needs in the longer term. This needs to be taken forward.
28. In 2002, the council began a review designed to establish core and non-core activities with a view to streamlining the organisation and making customer service a priority. The council commissioned external consultants to undertake the first stage of the review. The review recommended:
  - streamlining management structures
  - selected outsourcing
  - a strategic partnership with a private sector provider to develop a customer contact and access centre.
29. Underpinning the review was the need to build a more effective management team with a clearer focus on service users and the ability to drive service modernisation and improvement. There is evidence of a better, more co-operative working style within the strategic management team, but the team has made limited progress in addressing the fundamental issues identified in the review. A better awareness of what is happening in other councils in terms of improving and modernising services would assist this. The council has made little progress in exploring alternative options for service delivery, or modernising access to them, for example, through a customer contact centre.
30. The strategic management team needs to expand its planning horizon to make the most of opportunities as well as reacting to events. Properly engaging with the Best Value agenda should be a key priority so that local people start to see real improvements in service quality, including easier access to services.





## Setting a clear direction

**Argyll and Bute's Community Planning Partnership has developed a clear vision for the area, supported by a detailed action plan. While the council has an ambitious vision for Argyll and Bute to be the 'leading rural area', it has not clearly defined what this means in terms of the services it provides.**

## The Community Plan

31. In 2001, the Community Planning Partnership established by the council produced a document setting out the partnership's vision, guiding principles and priorities. The vision is based on the principle that a sound economy underpins the prosperity and well being of local communities and that communities should have greater control over their own development. The vision also recognises the value of the area's natural environment and cultural heritage, and the need to protect these.
32. The community planning priorities were identified through consultation with a wide range of stakeholders including community councils, voluntary sector representatives and the citizen's panel. The identified priorities are:
  - Promoting health and well-being.
  - Improving opportunities for learning, employment and skills development.
  - Sustaining and developing our communities, culture and environment.
33. A detailed action plan setting out measurable targets for achievement under each of the priority areas was published in 2002. However, the partnership has not subsequently published information on progress against its action plan. Leaflets explaining the community planning process and giving full details of what the priority themes mean in terms of the local community were distributed to all households in the area early in the community planning process. They are well presented, easy to understand and represent a clear statement of accountability with measurable targets. The partnership should build on the excellent early start it made on reporting to the public and should publish an update to its action plan on a regular basis.

## Corporate and Service Plans

34. The council's vision, set out in its corporate plan, is for Argyll and Bute to be the 'leading rural area'. While this serves well as an aspirational statement, the council has not fully developed a picture of what the leading rural area might look like. It also needs to more clearly define its role in creating it. The corporate plan needs to set out how progress towards the stated objective will be measured. No comparator authorities, or targets against which success can be judged, have been identified. The council recognises the need to develop its corporate plan.



35. The council's goals ([Exhibit 2](#)), give a broad account of its aspirations for the area. These provide a background for the corporate plan but need to be more explicitly linked to the accompanying action plan. This would result in a clear and coherent statement of the council's objectives and the actions it will take to realise them.

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## Exhibit 2

### The corporate plan sets out the council's goals

Our goals are to work with others to make Argyll and Bute:

- a good place to live, work and visit with a clean safe and attractive environment, which we will protect and enhance
- a place with a good range of jobs, in which we will help sustain and stimulate economic development and employment opportunities
- a caring community, where people can live with dignity and where there is maximum opportunity of access to the council's services for those who need them
- a place where people have control and influence over their lives, where communities and citizens are valued and encouraged to develop and express their needs and aspirations and participate as partners of the council.

*Source: Argyll and Bute Council, Corporate Plan 2003-2007*

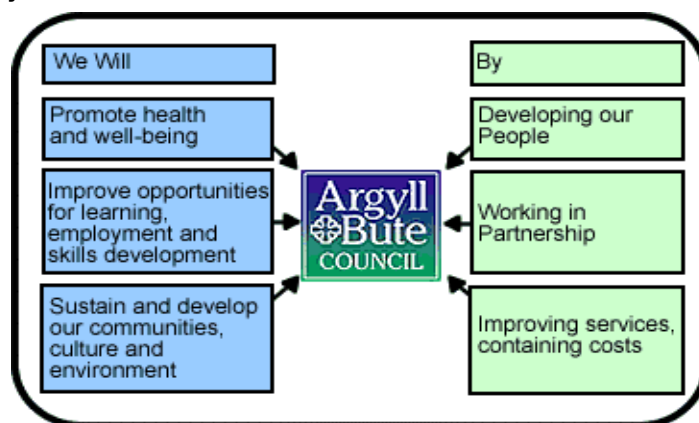
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36. The corporate plan contains a diagram illustrating links to the community plan, shown at [Exhibit 3](#). However, the plan itself does not make the links explicit and the corporate action plan does not reflect community plan priorities. For example, although the corporate plan implicitly supports the objective of working in partnership, there are no specific actions related to this, or to staff development ('develop our people') or Best Value ('improving services, containing costs'). The council could improve its corporate plan by developing the diagram as a framework for setting out its corporate priorities.



### Exhibit 3

The council's diagram suggests the links between the community and corporate plans are stronger than they actually are.



Source: Argyll and Bute Council, Corporate Plan 2003-2007

37. The corporate plan identifies a number of actions for each of the council's four local geographic areas, as well as actions for the key themes of economic, social, health, culture, and environmental. The links between these five themes and the three community plan themes is not made clear.
38. The local area priorities relate to infrastructure projects, but the nature and scope of the identified actions are not clearly defined. For example, the plan identifies the following as actions: 'Dunoon Pier', 'the replacement of community facilities', and 'Campbeltown Community Project'. There are no timescales, targets or measures of success included in the plan. No links are made between the area actions and corporate actions. Similarly, actions identified under the key themes are not well enough defined to enable the plan to be used to subsequently judge if its objectives have been achieved.
39. The council has not clearly identified its priorities in its corporate plan. The plan needs to provide clearer direction for the organisation, and promote accountability for the delivery of council services. While the plan identifies 83 action points, the council is solely responsible for delivering around 20% (17) of these. For most of the actions it must work in partnership with other agencies, and the plan recognises this, but the council's contribution to achieving the action points is not detailed. For 12 action points the council can only 'influence' others – something that does not lend itself to easy measurement.
40. References to specific services in the corporate plan are either absent or too general. For example, objectives identified under the theme of 'social' include: 'Confidence for older people they will be looked after'; 'Develop care services for children and elderly persons'; and 'Support for families and individuals' but these have not been clearly defined or translated into specific actions with measurable



targets. Specifying actions more clearly would help services to identify their role in delivering corporate objectives.

41. The corporate plan would be improved by making more direct and clearer links between the community plan priorities and the council's priorities and associated actions. In doing this the council should identify clearer, more specific objectives for individual services with performance targets to measure success. This would give staff better strategic direction and support service planning and performance management, driving improvement in services for local people. The council needs to make its corporate plan clearer and should consider whether the format of the community plan could act as a more effective framework from which to structure its own activity. A more consistent approach would help to clarify the links between the plans, and make the corporate plan easier to understand and more accessible to the public. Where the corporate plan includes services provided in partnership, the council needs to set out its specific role and responsibilities more clearly.
42. The council is currently exploring the potential benefits of a single public authority for Argyll and Bute, recognising that there are efficiencies that could be gained from this. If it is to take this forward the council needs to develop a stronger focus on its strategic leadership role and the key services for which it is responsible.

## Responding to the needs of Argyll and Bute

**There are good examples of individual council services listening to service users and acting on what they say. The organisation as a whole needs to do more to find out the views of local residents and use this information to improve services. Consultation needs to be more systematic and coordinated. The council needs to get better at telling people what it does and how it is performing. It needs to take urgent action to make it easier for people to access services and information.**

43. The corporate plan identifies getting closer to communities as one of the council's main values. There is a citizen's panel of 900 local residents, which reflects the demographic profile of the area. It is jointly funded by community planning partners and carries out two surveys a year. The panel is primarily used for community planning and, as a result, the surveys have covered a range of topics reflecting the interests of the partners. The council needs to use the panel more effectively to gather views on more specific issues related to the services it directly provides. This could be done, for example, by issuing supplementary surveys or using focus groups drawn from panel members to explore particular survey questions in more detail. Panel members are asked on joining if they would be willing to participate in such activities, so the mechanism exists for the council to pursue this.
44. Evidence suggests that individual services are more active and creative in consulting users in planning and designing services than the corporate centre. For example, the local community was consulted on the development of the new sport, library and museum facility in Campbeltown. As a result design changes were made to introduce crèche and childcare facilities. A number of mechanisms were used



to consult local residents about the proposed public private partnership for schools, including a web-based discussion forum with the council spokesperson.

45. Social work has a number of good approaches to consulting users in designing services. Major consultation programmes have been undertaken on important service developments in older peoples' services and on the Carers' Strategy. User feedback was used in drawing up a set of guiding principles, which will inform service delivery for older people. Using the Better Neighbourhood Services Fund set up by the Scottish Executive, the council has designed a range of services aimed at helping people stay in remote island communities – the 'Stay Put' project. An independent consultant found the consultation process for this project effectively 'shapes services and underpins planning, development, quality assurance as well as service user satisfaction. This is a rigorous, staff intensive and impressive model.'
46. The chief executive's policy and strategy unit needs to capture and coordinate the experience of services in consulting with users and other interested groups to get the greatest benefit from the information gathered and to provide opportunities for organisational learning. It should also ensure that a corporate minimum standard is met by services in consulting users and other stakeholders.

## Telling people what's happening

47. Currently public performance reporting is underdeveloped within the council and does not meet the requirements of Statutory Guidance. It publishes an annual *Public Performance Report* booklet, which is available on the website, in libraries and public offices but is not sent directly to households. The *Public Performance Report* is based almost exclusively on national statutory performance indicators (SPIs). These provide a limited picture of performance compared to the wide range of service activities in which the council is involved. Specific issues of importance to local people and service users should be included. Better information on performance measures, with improvement targets and comparative data would give a more rounded picture for each major service area. Public performance reporting needs to be developed in line with performance management to improve public accountability.
48. The statutory council tax leaflet for 2005/06, which is sent to all households, was used to provide an overview of the council's major service initiatives. This leaflet (*Your Guide to Council Tax 2005-2006*) outlines major developments in environmental, transport, health, and community services. It also publicises the range of services and local facilities offered by the council. The leaflet is interesting and informative and could be developed further as part of a wider strategy for reporting to the public.
49. The council website is easy to use and gives access to a wide range of information, although detail on individual services needs to be improved. The site is kept up to date with regular postings about major issues affecting local residents, such as progress on the schools modernisation programme and the



proposed housing stock transfer. All committee minutes, agendas and reports are available and very few items are classed as exempt from publication.





## Part 2: Is the council organised to support continuous improvement?

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Area committees are a positive feature of the council but they need further development to fulfil their potential to shape and improve local services. The council must take early action to put better systems in place to support Best Value. This includes improving performance management, scrutiny and accountability, and ensuring that decisions about the way services are delivered are based on full information about the cost and quality of all available options.

There are some good examples of partnership working and the council is strongly committed to sustainable development, but it needs to increase the pace of development of its customer contact strategy.

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### Political management

**Area committees are a positive feature of the council but they should be supported to fulfil their potential to shape and improve local services. There needs to be greater consistency in the way they operate.**

50. The council has an executive committee, known as the Strategic Policy Committee. This has a wide role, including direct responsibility for overseeing Best Value arrangements. It has twelve members, including six spokespersons for specific issues, and two opposition members. There is a separate Strategic Policy Committee for Education, reflecting the statutory need to involve church and teacher representatives on education committees. The council also has an Audit Committee, a Standards Committee and a Public Service and Licensing Committee.
51. The council has a devolved political structure, recognising the diversity of the communities it serves. Four geographically based area committees have wide delegated powers to 'determine issues of a local and non-strategic nature relating to all of the council's services and functions.' (*The Constitution, Argyll and Bute Council, 2005*). The committees, therefore, have great potential to shape local services and ensure they reflect local needs and are delivered to a high standard. Roads maintenance budgets are wholly devolved to area committees on the basis of road mileage and population. No other significant budgets are devolved. Debate at area committees is mainly around planning and development issues, which represent a significant part of their business.
52. The area committees have regular business days when there is some discussion of service performance. These business days are very useful and enable members to better engage with local issues. However, performance information needs to be presented and discussed in a more systematic way across all services, and there needs to be more consistency in the way the individual area committees operate. The committees produce local area plans, but these mainly relate to



development projects and do not address issues of local service delivery. This is acknowledged in the Mid-Argyll, Kintyre and Islay area plan: *'The Area Plan is largely project/action driven and does not include a number of vital day-to-day front line services provided by the council. The Area Plan therefore acknowledges and commends continued support for these services.'* Some area plans are significantly more detailed than others and the council needs to set a minimum corporate standard for these plans.

53. The existence of the area committees is a positive feature of the council, but there is scope for their impact and effectiveness to be improved and their role to be further developed. These developments can be achieved within the terms of their current remit. The chief executive highlighted the need to develop the council's model of decentralisation in a report as far back as 2002, and this featured again in the organisational review in 2003. Recently the council established a cross-party policy group to prepare for changes arising from the move to multi-member wards under the new electoral system in 2007. The group will examine the political management arrangements in the council and this provides an opportunity to look at how area committees could be further developed.
54. There are a number of ways the role and effectiveness of the area committees could be developed, including:
  - ensuring their work is supported by appropriate management arrangements within services, including having performance information routinely broken down on an area basis
  - making business days, which provide a useful forum for detailed discussion of local issues, more formal and systematic
  - developing the role of corporate services in providing support to area committees, including working with members to establish a standard format for area plans
  - looking at good practice throughout the UK.
55. If the potential of the area committees to improve services is to be fully realised the council needs to clarify their role. The Strategic Policy Committee has the role of advising the council on policy, objectives and priorities, and reviewing the overall effectiveness of the standards and level of services provided. It therefore provides an ideal mechanism to ensure that common service standards are applied across the council area, while enabling different responses to local needs to be determined by area committees. The Strategic Policy Committee could also provide a forum for good practice in any local area to be recognised and rolled out across the council.



## Scrutiny

**The council needs to clarify its scrutiny and accountability arrangements, including the status of area plans and how they link with corporate priorities. Members need better information about available options to prioritise spending decisions, and performance information that enables them to scrutinise and challenge services. This will provide them with a greater opportunity to drive service improvement. Members would benefit from support to develop their scrutiny role.**

56. The full council acts as the ultimate scrutiny forum for decisions made by the Strategic Policy Committee (SPC), and area committees. In 2001, the report of the Leadership Advisory Panel on political management structures in Scottish local government was generally positive about the council's devolved structure but noted that it needed to balance devolved powers at area level with effective strategic leadership and support at the centre. The report went on to say:

'This will require the council to clearly delineate the relationship between the area committees, the [SPC] and the full council in terms of budget allocation and decision making processes. It will also require clear lines of accountability to be agreed among officers and between officers and members.' *Scottish Local Government's Self-Review of its Political Management Structures, Report of the Leadership Advisory Panel, April 2001.*

57. The need to develop and clarify the scrutiny role of the SPC in relation to area committees was also highlighted by the council's 2003 organisational review. The council constitution provides a framework for this but the relationship between the area committees, the Strategic Policy Committee and the full council would benefit from further clarification. For example, the current basis for including area priorities in the corporate plan is not entirely transparent. The council needs to develop procedures for appraising capital projects and prioritising spending options. This would support the work of the area committees in identifying and prioritising development projects and provide a sound basis for selecting projects for inclusion in the corporate plan.

58. While members would benefit from clearer information on options, they engage well in debating major development projects and new initiatives undertaken by the council. Members have been less active in considering service performance and driving improvement in day-to-day services. There appears to be a willingness and appetite on the part of elected members to engage more, but deficiencies in the current performance management system mean that they do not receive the information they need to carry out effective scrutiny of service performance.

59. Performance information needs to be more routinely and systematically presented to members at council and committee meetings. There are a number of mechanisms outwith the formal committee system through which members receive information on performance. For example, there is a members' newsletter (the *Councillor's Noticeboard*) which is interesting and informative, but performance information is not reported consistently or systematically through this. Some information on performance is considered at the senior members and officers group, but again this is not presented systematically. The absence of a corporate approach has led most departments to develop



a piecemeal approach to briefing elected members. Elected members appear willing to engage in performance monitoring and it is important that they have proper access to systematic and good quality information and that formal scrutiny of performance takes place in public to ensure effective accountability.

60. In developing the corporate performance management system, officers should ensure that members are consulted about the type and format of information that they would find most helpful and accessible. In line with the situation nationally, members would benefit from external training to assist them in developing their scrutiny role.
61. There is an effective audit committee with sufficient independence and authority to scrutinise and challenge financial performance and ensure internal control issues are addressed. The audit committee's remit also includes monitoring services to ensure they are being provided efficiently and effectively, in accordance with Best Value principles. This role needs to be developed, particularly to provide challenge on the findings and methodology of Best Value reviews, and supported by better information about service performance.

## Managing performance

**The chief executive and the strategic management team need to take early action to introduce an effective corporate performance management system. Existing good practice needs to be recognised and developed across the organisation.**

62. The council's Policy and Strategy unit, which reports directly to the chief executive, is responsible for developing an effective corporate performance management system. To date, while some building blocks have been put in place, progress has been slow and little has been achieved in terms of, for example, more effective strategic and service planning and a systematic approach to performance monitoring. The chief executive should ensure that the unit's work carries his authority in promoting improved service planning and performance management. The strategic management team needs to support and integrate the work of the section more explicitly to ensure that services and the corporate centre are working on common ground.
63. The council does not have an effective strategic service planning framework, making it more difficult to identify the objectives against which the performance management system should be measuring progress. At present, performance management is largely based on national statutory performance indicators (SPIs). More recently quarterly performance reports have been introduced across services. These are presented to the strategic management team. The reports present a large volume of information and the layout does not make it easy to identify the relevant information or form a clear picture of how services are performing. The reports need to be simplified, by identifying a manageable number of key indicators for each service area, and their design needs to be improved. This would help the strategic management team, and elected members, to increase their engagement with



service performance at a suitably strategic level, and gain a better understanding of those service areas that are doing well and those where improvement is most needed.

64. Some services are more advanced in performance management than others, reflecting individual strengths at directorate and departmental level. However, the strategic management team does not appear to recognise the value of developments taking place within individual services to the organisation as a whole. The council needs to identify what is happening in terms of performance management across all services. The chief executive's strategic policy unit needs to engage more effectively with services in building on existing performance management approaches. It has been overly preoccupied with outlining the council's theoretical approach to performance management and service planning at the expense of taking practical steps to add value and help services identify clear goals and introduce an effective system for monitoring performance against these.
65. The council has plans to introduce a balanced scorecard approach to performance management but little progress has been made. The balanced scorecard approach may well assist the council to identify a small number of indicators that will measure performance in the key areas of customer perspective, internal processes, financial performance, and continuous improvement. However, irrespective of what performance management tool is used, effort needs to be concentrated on identifying the key performance indicators for each service and ensuring that a minimum corporate standard is maintained. It is essential that performance indicators are identified which measure the cost and quality of services, and that these are tracked over time, to demonstrate the continuous improvement that Best Value requires.

## Challenge and improvement

**There is no evidence of a systematic, challenging approach to service improvement. A robust programme of best value reviews needs to be developed. The role of the Best Value Network needs to be more clearly defined as a mechanism for learning and promoting continuous improvement in service delivery.**

66. The council has been undertaking Best Value reviews for some years, but these have resulted in only limited change. The council acknowledges that the methodology for the reviews was not well developed, that sound options appraisal techniques were not used, and that the level of challenge was not significant. The council is prepared to use a range of service delivery methods and is developing a framework for a more challenging approach to reviews, but there are no results of this as yet. Most of the reviews conducted by the council do not properly incorporate the fundamental elements of 'challenge, compare, consult, and compete.' Some of the work initiated at individual department level, such as smaller scale reviews conducted by ICT and Financial Services, has been better managed. These have included an element of external challenge and have resulted in more significant change in pursuit of improvement, such as the outsourcing of debt collection services.



67. Where the council has employed consultants to carry out reviews the level of challenge has been greater, but the council has not acted quickly or effectively on the findings. This suggests a lack of drive from senior management. As an illustration, a review of leisure services was undertaken by consultants in 2001. This concluded that the council's leisure facilities were in a poor state of repair, in some cases representing significant risk to the council, and that a strategic approach was needed to rationalise the facilities and look at outsourcing in some areas. The council's response was fragmented. New upgraded leisure facilities are being developed in Campbeltown to replace outmoded facilities and improvements have been made elsewhere, but there is no long-term strategy covering all the council's leisure facilities.
68. In 2002, the council began a review of 'what' business it should be in and 'how' the resulting service portfolio would best be delivered. It suspended its programme of Best Value reviews while this organisational review was happening. The review was intended to challenge fundamentally what the council was doing by identifying its core business (to be delivered in-house), and those areas that could be delivered by third parties or in partnership. However, while the council has undertaken a major restructuring, it still needs to clearly identify the non-core elements of its business, properly consider the potential benefits of alternative delivery arrangements for any major elements of services, and explore the potential benefits of partnership arrangements for the delivery of 'back office functions'. The council continues to operate a very traditional approach to delivering services.
69. Elected members are clear that they are not ideologically opposed to alternative means of delivering services, including outsourcing, but they have not been presented with full information or options that allow them to demonstrate this. Officers must produce information on the cost and quality of available options, to enable members to make sound decisions based on clear evidence and on performance issues. The council needs to introduce a structured and challenging programme of Best Value reviews covering all major service areas.
70. The council has a Best Value Network comprising officers from each service area. This should provide an ideal forum to drive service improvement and encourage organisational learning through disseminating good practice. However, the network has made little progress beyond raising awareness of Best Value concepts. This is symptomatic of the council's lack of progress in addressing Best Value in a practical, meaningful way. From January to July 2005, the primary focus of the Network was on preparing for the Best Value audit. The role and effectiveness of the Best Value Network needs to be reviewed.





## Using resources effectively

### Management structure

**The council should ensure its management structure is based on the principle of supporting effective service delivery and strategic resource management.**

71. The council has partially implemented a management approach recommended by consultants undertaking the organisational review in 2003. It has streamlined its structure, reducing the number of directors from six to four and the heads of service from 25 to 18. While the slimmer structure has brought some benefits in terms of coordinated working among the strategic management team, this needs to be developed further.
72. The council has set up a Community Services Directorate bringing together Education, Social Work, Housing and Community Regeneration. This is a very large directorate, representing some 70% of the council's expenditure, and it is starting to produce better strategic thinking and integrated working to improve services for vulnerable people. Some of the most effective developments are taking place within this area of the council.
73. Other council services are still organised along fairly traditional lines. The reasons for their structure are not always clear and there is no evidence that the present arrangements are delivering any particular benefits for the council. Responsibility for managing corporate resources is split across several parts of the organisation, with strategic finance and human resources falling within the chief executive's office, property management within Development Services, and ICT within Corporate Services. Services that were formerly subject to compulsory competitive tendering continue to sit within a single directorate, although responsibility for strategic management of these services sits elsewhere. The council needs to ensure that its organisational structure is soundly based on supporting good service delivery, performance improvement and sound management of resources.

### Managing people

**The council needs to take a more systematic approach to workforce planning. It needs to do more to consult staff more regularly on corporate issues and publicise the findings.**

74. The council employs around 4,200 staff at an annual cost of some £119 million. Because of its geographic location the council faces a challenge in recruiting and retaining high calibre professional staff in certain key services. This makes a strategic approach to workforce planning even more important to ensure that the council is well placed to meet the challenges of delivering services. In common with others, the council needs to take a more systematic approach to this.
75. To attract staff, it promotes quality of life attractions and offers flexible working conditions and some relocation assistance to the partners and families of new employees. The recently launched 'Grow



Your Own' scheme contributes to a more systematic approach to recruitment. This initiative aims to recruit and train local management trainees through a combination of work experience supported by academic study up to MSc level. At present, the scheme involves two management trainees and there are plans to increase this number. In future the scheme will be expanded to particular specialist areas where recruitment has been problematic, such as skilled trades.

76. An annual Performance Development and Review (PDR) scheme is in place within the council. The effectiveness of the system in focusing efforts on corporate priorities is currently limited by the need to improve business planning processes so that there are clear links from corporate to individual objectives through service plans. The chief executive's PDR is conducted by the leader of the council, the depute leader and the leader of the opposition. The lack of clear targets in the corporate plan makes it difficult for members to hold the chief executive to account for delivering on the council's objectives.
77. Responsibility for personnel issues, including recruitment, is largely devolved to departments. A central personnel section sits within the chief executive's service and deals mainly with the development of personnel policies and providing advice to services. Currently the section is heavily involved in preparation for 'single status' and the personnel implications of the proposed housing stock transfer. The personnel section produces a useful annual report pulling together statistics on attendance, health and safety issues and monitoring of equal opportunities issues. This is presented to elected members and the strategic management team.
78. Statutory performance indicators show the council performs reasonably well on sickness levels for chief officers and local government employees, with 5.1% absence against a national level of 5.5%. Recent figures show an improvement in absence rates for teaching staff from 4.4% in 2003/04 to 3.5% in 2004/05, which is below the national average of 3.7%. The council attributes this to the introduction of a Stress Reduction Policy and training and support packages aimed at reducing absence due to stress-related illness. The sickness level for craft employees is 6.5% compared to a national average of 5.9%.
79. There is little recent evidence of systematic staff consultation. A staff survey was done as part of the wider organisational review in 2003 but the findings were not made available to staff. This was a lost opportunity to demonstrate an open and responsive culture. Communications and concerns about the future organisational structure were found to be major issues for staff at that time. The council has responded positively to these issues by publishing better information through its staff magazine and services have various forms of cascading and staff meetings to communicate information. The chief executive and directors take part in a twice yearly roadshow to update staff on current issues. The council needs to do more to capture staff views on corporate matters, to communicate the findings from consultations and to act on the results.



## Managing finance

**The council needs to develop a more strategic approach to managing its financial resources. It has a traditional approach to budget management and financial control and budgets are not fully linked to its strategic priorities or service plans.**

80. The council does not have a clear, sustainable financial strategy to ensure its objectives are achieved. It has a medium-term financial plan which models income and expenditure over a three-year period, and this is updated annually. However, projected budgets have identified future funding gaps across the council and, while savings have been identified within services to manage the funding gap in 2005/06, the council has not identified how the gap will be met in future years. There is currently an identified funding gap of £3.8 million by 2007/08 based on projected levels of expenditure and council tax income. The council has not linked its financial planning system to its corporate objectives, and does not shift resources to meet identified priorities. The council recognises that it needs to align corporate and service planning and budgeting systems to ensure that its long term plans are financially sustainable.
81. The council has no clear, systematic approach to determining priorities for capital spending. Long-term capital planning needs to be linked to asset management, and to options appraisal, to ensure a better strategic approach to capital spending decisions. The council has taken steps to ensure that its short-term capital expenditure programme is affordable, prudent and sustainable. It has a three-year rolling capital programme which is subject to annual review, and sets affordability indicators which are revised and approved annually.
82. The council believes that its large geographic area and the sparsity of its population make its services more expensive to provide. While these factors are likely to have some impact on cost, the council does not have sufficiently robust information on its cost base to isolate the impact of geography and population sparsity from other factors such as inefficiencies in the way it delivers services. The challenge it faces is to demonstrate that it is operating efficiently by modernising services and establishing the base costs of providing them. This will enable it to identify the additional costs that are specifically related to its local circumstances.
83. Local external audit reports have been positive about the financial stewardship of the council. The latest annual audit report noted that the council had a surplus balance on the general fund of £15 million at 31 March 2005. Of this, £7 million has been earmarked for specific purposes, leaving unallocated reserves of £8 million against a target of around £4 million. The target is based on having a working balance equal to 2% of net expenditure. The council needs to ensure it meets its locally determined target in future years.



## Managing assets

**The council is at the early stages of adopting a more strategic approach to asset management. It needs to rationalise its property assets to ensure it is achieving Best Value from this significant investment.**

84. The council holds fixed assets worth approximately £358 million, mainly consisting of land and buildings inherited from previous local authorities. It has not managed these assets strategically or corporately and, as a result, there is no evidence that existing buildings are being used cost effectively. A significant number of buildings are outdated and in need of major repair or refurbishment.
85. The council needs to link asset management to corporate and service planning to ensure it makes good strategic property decisions. It needs to identify the condition, maintenance cost and performance indicators for each major asset, and use this information to decide whether the asset represents value for money. The council needs to ensure a corporate approach in deciding which of its buildings should be repaired and retained and which should be sold.
86. The council has drawn up a schools estate asset management plan, but this needs to be developed further. It has also produced a roads maintenance and asset management plan. As a result, it has identified a significant level of backlog maintenance in both areas. Work is underway to integrate asset management with service planning and performance management but this is at the early stages. Completeness checks, to ensure all assets are recorded, and property condition surveys are being undertaken. Following this, the council will look at how assets are being used and will undertake options appraisals to determine if the assets should be retained (and repaired) or sold. These decisions should be based on whether they are providing value for money for local communities and for the council as a whole.

## Managing information and communications technology

**The council needs to develop a clearer ICT strategy, driven by an improved corporate plan, to support the modernisation of its services.**

87. Given the challenges presented by its remote communities, the council could do more to exploit the opportunities to improve services using information and communications technology. It has recently drawn up an ICT strategy. This is a positive development but serves to highlight some of the problems in the corporate approach to strategic management and service planning. The council acknowledges that the ICT strategy is currently weakened by a lack of clarity about overall corporate goals and objectives.
88. The ICT strategy sets out objectives linking ICT development to the wider goals of improving the customer focus of services and providing efficiencies in service delivery. These objectives need to be driven more clearly by corporate and service plans, rather than being ICT led. The ICT strategy is the



first step in the strategic management team taking ownership of ICT issues. The strategy needs to be developed within an integrated framework of strategic and service planning so that the council can ensure that resources are put to best use in meeting identified priorities for service users and the council's business needs.

## Buying goods and services

**The council has made a good start in taking a more systematic approach to procurement and this should produce cost savings in future years.**

89. The council has introduced a strategic approach to procurement and has a comprehensive procurement strategy in place. Membership of the Authorities Buying Consortium (ABC) and use of the eProcurement Scotl@nd (eps) service are central to the strategy. The procurement strategy has an action plan designed to ensure that it delivers the full benefits of a systematic approach to procurement, including ensuring that off contract buying is minimised, and reviews of all procurement areas will be undertaken within three years. A report to the council in December 2003 indicated that only 8.7% of expenditure on procurement was covered by ABC contracted suppliers and that the potential for better buying initiatives was in excess of £60 million a year.
90. ABC uses the collective purchasing power of a number of large organisations to secure good prices on contracts. ICT and Financial services have been very active in fostering the collaborative approach to purchasing. The eps system streamlines administration and will act as a catalyst for ABC members to identify further collaborative buying opportunities. The council's eps site is recognised as being a good example of its kind. The council has already benefited from better contracts for light vehicles, building and plumbing materials, and IT equipment. Based on figures provided by the council, by March 2005 it had identified savings of £200k from better deals through e-procurement and collaborative buying. It anticipates this building to £500k a year.

## Working with partners

**The council is very committed to working with partners. It needs to identify and report on the difference this is making to the people who use services.**

91. The council demonstrates a strong commitment to working with other organisations to deliver improvements for local people. The primary focus for joint working is the Community Planning Partnership and the council has been able to build on a history of joint working in developing the partnership. The Leader of the Council chairs the Community Planning Partnership (CPP) and Scottish Natural Heritage chairs the main executive body (the CPP management committee). This recognises the council's role in facilitating community planning, but also ensures wider ownership of the community planning agenda.



92. All council services contacted during the audit were able to cite examples of partnership working, either with other parts of the council or with external bodies, and examples are illustrated in Exhibits 4, 5 and 6. In common with other councils, Argyll and Bute needs to do more to capture and measure the benefits of partnership working in terms of improved services for users. In doing this it is important that accountability is maintained for the resources contributed by the council and the resulting outputs or outcomes.

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## Exhibit 4

### Working together to tackle skills shortages

The council is working with Argyll College, Argyll and Islands Enterprise and Fyne homes to set up a local construction skills training centre. This is designed to help address local skills shortages and issues around the capacity of the construction industry to meet the anticipated demand arising from major initiatives planned by the council and its partners, including school building and refurbishment, and repair and maintenance of housing stock. The council will contribute £72,000 funding for the project and intends to provide an on going subsidy to the centre in the form of a reduced rent.

The centre is expected to boost the number of firms taking on apprentices. Expected benefits of the centre include:

- training for around 32 apprentices a year
- supporting 25 adults in 'on the job' training
- simulated work experience for local pupils
- training in, and promotion of, renewable energy devices
- creation of 3.5 full-time jobs within the centre itself.

*Source: Argyll and Bute Council, Audit Scotland*

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93. Some progress has been made in joint working between social work and the NHS. Joint social work and NHS teams are in operation but separate line management is maintained at present. As is the case in many council areas, the majority of single shared assessments are still carried out by council staff. Social work is involved in major multi-agency projects. However, uncertainty surrounding the future administrative structure of NHS services in the area with the dissolution of NHS Argyll and Clyde and the move to NHS Highland makes it difficult to move forward on a joint strategic agenda. Planned projects include a new hospital for Lochgilphead, which will include social work facilities, and Mull Progressive Care. This is scheduled to open in 2008 and is a joint initiative involving the council, the local NHS and Communities Scotland, which will offer a flexible model of care providing housing with support to older people on Mull and Iona.

## Accessing services

**Now that funding is secured, the council needs to ensure it makes rapid progress in taking forward its plans for a customer contact centre.**

94. The council has made slow progress in making it easy for local people to get in touch to request, or enquire about a service in spite of the dispersed nature of its communities. While the council has been



planning to introduce a customer contact centre since the organisational review in 2003, little real progress has been made. Most contact is through the main switchboard, by telephone or face to face at local offices. Council staff themselves are frustrated at the lack of joined up communication within the council and the difficulties they face in identifying and contacting the right person on behalf of service users. A very limited range of services can be requested online, and the 'contact us' section of the council's website contains addresses and telephone numbers but no email facility.

95. The council has been successful in attracting central government (MGF) funding to take forward its plans for a distributed contact centre, reflecting the dispersed nature of its communities. Now that the funding is in place the council has appointed a development manager for the contact centre. It needs to ensure that it makes rapid progress taking this important development forward.
  
96. The Three Islands Partnership (3IP) has been successful in improving customer contact arrangements for people on the islands of Islay, Jura and Colonsay. The Scottish Executive, Argyll and the Islands Enterprise and the council fund this project. Details of the 3IP are shown at [Exhibit 5](#). The 3IP Service Points collect usage statistics but only measure the volume of phone calls they receive, not the numbers of personal callers or email enquiries. They currently deal with over 1,200 telephone enquiries a month, the majority of these being received by the Islay office. Feedback received has been positive and has praised aspects of the service such as internet use, help with form filling, and the use of teleconferencing facilities, which can save residents having to spend days away from home to access services.





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## Exhibit 5

**The Three Islands Partnership is an example of joint working making it easier to access services.**

### **What is the Three Islands Partnership (3IP)?**

The Three Islands Partnership (3IP) is a project funded by Argyll and Bute Council (ABC), Argyll and the Islands Enterprise (AIE) and the Scottish Executive to improve communication between people on the islands and the public sector partners, including ABC as a major provider of public services and information and AIE as a provider of business information and advice and champion of community development. It operates through service points on Islay, Jura and Colonsay which video link to mainland facilities at Lochgilphead and Helensburgh.

### **What are the Service Points?**

The Service Points (SP) are a source of information for everyone on the islands of Islay, Jura and Colonsay and the local link into rapidly growing communication networks. The council runs it on behalf of the funding partners.

The SP provides computer and videoconferencing links for you to use whenever you want to contact the council, Argyll and the Islands Enterprise or anyone else who is linked into the network. It can provide office facilities for use by islanders or by visiting staff. It also houses an AIE business library.

The SP is staffed by people who are trained to access a wide range of information about local services, from ferry timetables to planning permission or from business grants to training opportunities. Their aim is to provide you accurate information as quickly and as painlessly as possible.

They may not know the answer but they know how to find out!

The SP staff are also trained to help you use the up-to-date, high tech equipment and to contact the right people in the right organisation. All you have to do is ask. You can use the equipment yourself but you don't have to.

### **Listening to users**

After every visit, you will be asked to complete a feedback form. This is not compulsory but if you and everyone else who uses the SP complete this form it will help to improve the services it can offer. There may also be follow up calls to make sure that you are satisfied with the outcome of your visit.

There will be occasional surveys to canvass views about the service point, both within the community and within partner agencies.

Your comments and suggestions will always be welcome and record will be kept of suggestions made and what was done about them.

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*Source: Argyll and Bute Council website*



## Sustainable development

**Sustainable development is well embedded in the council's decision-making processes. It needs to coordinate this work to ensure the full benefits are realised.**

97. The council is very conscious of the need to sustain its fragile communities and its outstanding natural environment. It has done very well in promoting the use of energy from renewable sources and these initiatives can contribute to sustaining remote communities.
98. Sustainability issues are well embedded in the council's decision-making processes. In future this will be made more explicit by specifically identifying sustainable development implications in committee reports. There are good examples of projects that contribute to social and environmental sustainability and the council intends to bring together the strands of this activity into a corporate strategy to ensure that the full benefits of all its efforts in this area are realised and recognised. This needs to link with corporate and community plan priorities. A number of the council's sustainable development initiatives are shown at [Exhibit 6](#).
99. The Argyll and Bute Local Plan includes a sustainability checklist to be completed by potential developers for larger planning applications. This addresses the future impact of proposals on the community, the economy, and the environment. The Plan identifies further specific aspects that are important to sustainability in the Argyll and Bute area, including:
- encouraging sustainable transport by focusing developments on the key settlement areas
  - supporting the further diversification of the Argyll and Bute economy to provide job opportunities
  - promoting affordable housing to combat social exclusion
  - accommodating new ways of producing renewable energy
  - pursuing the objectives of the UK/Scottish and local Biodiversity Action Plans by protecting and enhancing species and habitats.



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## Exhibit 6

**The council is committed to sustainable development.**

**ALlenergy** –The council jointly funds ALlenergy (the Argyll, Lomond & the Islands Energy Agency). This is dedicated to both increasing energy efficiency and the energy derived from renewable sources.

ALlenergy plays a role in a number of initiatives from small community wood fuel schemes to the innovative Islay Hydrogen Project, and covers a range of energy issues from householder insulation schemes to leading the promotion of Argyll for renewable energy development.

The agency is a non-profit making organisation, which offers free and impartial energy advice to all sectors within the area.

**Wind power** – Argyll and Bute had one of the first wind farms in Scotland at Taynuilt.

**Wave power** – The council supported the development of the Limpet, the first commercial wave driven power station in the world at Portnahaven on the island of Islay, generating 500kW of renewable energy to the grid.

**Campbeltown Community Project** – The Campbeltown Community Project is a £6.5 million project to provide a leisure facility in Campbeltown. The project will provide a much needed boost to the community, with economic benefits for Kintyre and Argyll. The design of the building pays specific attention to energy efficiency, and relies heavily on a Biomass heating system fuelled by locally sourced and sustainable wood chips.

*Source: Argyll and Bute Council, Audit Scotland*

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## Part 3: Is the council delivering better public services?

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There is some evidence of good performance in services but the lack of a sound strategic planning and corporate performance management framework makes it difficult to form a clear, overall view. The information available suggests some good performance in some areas, notably in Education and Housing, but there are indications of declining performance against other councils in some areas and the audit has identified the need for more challenge to promote continuous improvement in performance.

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### How are individual services performing?

100. The absence of good service planning and performance management presents difficulties in forming a view on how individual services are performing. Performance assessments are mainly based on national statutory performance indicators reported to the Accounts Commission and, in the case of education, the work of HM Inspectorate.

101. Audit Scotland publishes council profiles containing 79 statutory performance indicators. While these do not give a comprehensive picture across all services or activities, they give an indication of comparative performance across a range of services:

- In 2004/05 Argyll and Bute Council was ranked in the upper quartile (eighth or above out of 32 councils) in 11 indicators and was in the lower quartile (twenty fifth or below) in 13 indicators. This compares with a situation in 2002/03 where 21 indicators were in the upper quartile and 12 were in the lower.
- The council's performance improved by at least 5% on ten performance measures between 2002/03 and 2004/05, while 13 measures worsened by at least 5%.

### Community services

102. The Community Services directorate is an example of a more modern approach to service delivery within the council. The directorate includes education, social work, housing and community regeneration recognising the need for these services to work closely to tackle complex social issues. Early evidence suggests that this is leading to better strategic planning and more joined up services, particularly for children. The director recognises the need to improve performance management within the directorate, and there are examples of better practice beginning to happen in education and



community regeneration services. Progress in social work services is less evident and this is recognised as an area for urgent improvement.

## Education

**The council provides a good education service and results for secondary schools are above the national average. However, its school estate is in a poor state of repair and many schools are under occupied. Now that the public private partnership has been finalised for a number of its schools the council needs to take effective action to implement a strategy for the remainder of the estate.**

103. Education is the largest spending council service; in 2004/05 Argyll and Bute Council spent £80.6 million on education. The council has ten secondary schools, 80 primary schools and three special schools. It employs the equivalent of 1,011 full time teachers.
104. Primary school pupils' attainment levels in reading, writing and maths are around or slightly above the national average. For secondary pupils, attainment levels in reading, writing and maths are consistently above the national average. Results in SQA national qualifications are above the national average. The council recognises, however, that there are some subjects in some schools where performance is not as good. It has increased the number of quality improvement officers to ensure performance at individual schools is more closely monitored with a view to raising standards.
105. Her Majesty's Inspectorate of Education (HMIE) and the Accounts Commission published a report on the council's education function in June 2005. The report concluded that the council 'demonstrated good and improving performance across many different aspects of its work. Elected members and senior managers demonstrated strong commitment to providing high quality services and promoting a culture of improvement.' The council was rated as 'good' or 'very good' in nine of the eleven quality indicators used by HMIE. The remaining two indicators were judged as 'fair' and no aspects were judged to be 'unsatisfactory'. The results are shown in [Exhibit 7](#).
106. As well as highlighting a number of key strengths, the HMIE report also identified four points for action, including developing closer integration between service and budget planning and addressing the issues of capacity and the physical environment in schools. Improving the links between budget and service planning is a corporate issue for the council and has been highlighted in part 2 of this report. The schools estate is discussed overleaf.



## Exhibit 7

### HMIE report findings

Quality Indicator	Very Good	Good	Fair
Mechanisms for communication	X		
Vision values and aims		X	
Effectiveness of leadership and management		X	
Policy development		X	
Mechanisms for consultation		X	
Service planning		X	
Deployment and effectiveness of centrally employed staff		X	
Financial management		X	
Continuous improvement in performance		X	
Measuring, monitoring and evaluating performance			X
Resource management			X

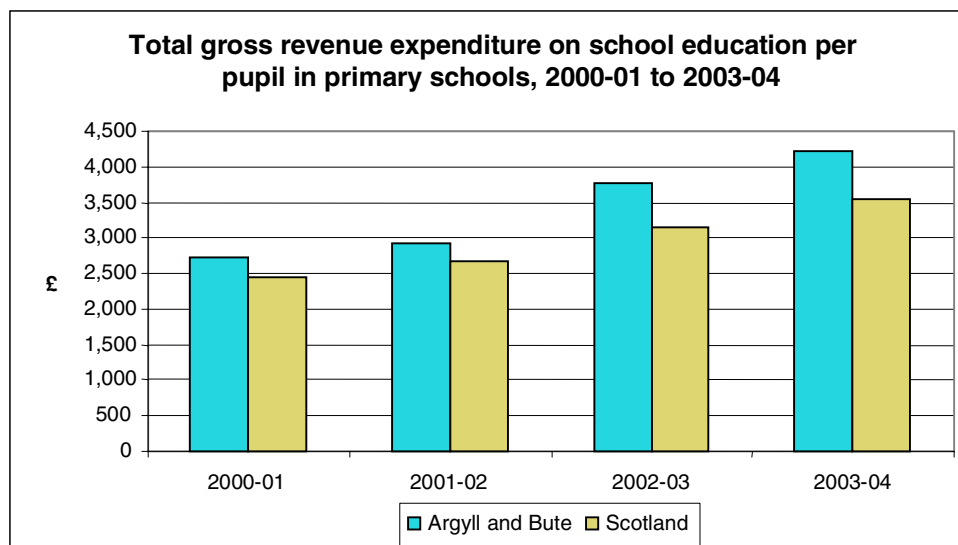
Source: HMIE, Inspection Report, June 2005

107. The council's 93 schools range from very small primary schools with less than ten pupils to large secondary schools with over 1,500 pupils. Four islands have their own secondary school. Around 80% of the primary schools have fewer than three teachers. Statutory Performance Indicators show that a high proportion (around 64%) of the council's primary schools are significantly under occupied. Most of the council's schools are in need of substantial investment in repairs and upgrading. Under occupation and the poor state of repair of the buildings contribute to the high running costs of the council's primary schools. In 2003/04 the running cost per pupil for the council's primary schools was £4,211 compared with a Scottish average of £3,537, as shown in [Exhibit 8](#).
108. The council has taken an innovative approach to working with the private sector to begin to tackle the problem of the poor state of the school buildings. It has entered into an agreement with a specially formed company, which will use any profits to enhance education provision in the area. This contrasts with the normal public private partnership approach under which an element of profit is distributed to stakeholders. This project will enable 60% of the council's secondary schools to be upgraded or replaced, and will include 16% of primary schools. This will result in improved facilities for two-thirds of secondary and a third of primary school pupils.



## Exhibit 8

The council's primary schools have high running costs.



Source: Scottish Executive / Audit Scotland

109. If the council is to provide education in a good environment for all its pupils it will have to make some difficult decisions, weighing the costs and benefits of operating under occupied rural schools. These decisions are made harder by the likely impact of school closures on small isolated communities. However, it is essential that the council bases its decisions on good quality information about the costs, benefits and drawbacks of the available options. It needs to identify the information it requires to make fully informed decisions about the future of individual schools. The council's School Estate and Asset Management Plan sets out the issues clearly, as shown at [Exhibit 9](#) but the council still needs to take action to address the problem, for those schools not covered by the public private partnership deal.

## Exhibit 9

The council needs to produce an effective strategy to address schools that are under occupied and in a poor state of repair.

The future schools estate management strategy will have at its centre finding the balance between community and education needs, and the affordability of maintaining and re-investing in the estate. Against a five to ten year time horizon a prudent approach would be to examine carefully the options for school mergers and modernising the estate. This issue is complex however, with account needing to be taken of travel distances, accessibility, pupils' social needs and the importance of schools as a resource within isolated communities.

Source: Argyll and Bute Council, School Estate Asset Strategy and Management Plan





## Social work

**The service needs to make more rapid progress in introducing a performance management system. In the absence of this it is difficult to judge how well the service is performing. It is making some progress towards modernising its community-based services for older people, particularly in island communities. A more strategic approach to the development of residential care services for older people is needed. It needs to make better use of modern technologies to deliver flexible services.**

110. Deficiencies in the council's performance management and service planning and monitoring systems make it difficult to form an overall view of social work services. The service is currently developing a performance management system based on a proprietary system used by a number of other councils. This process has been ongoing for some time and it is important that progress is made.
111. The audit focused on older people's services, as this accounts for the majority of expenditure and presents particular issues related to the remoteness of some of the council's communities. Children's services will be subject to an integrated children's services inspection led by HMIE during the next three years. The Social Work Services Inspectorate (SWSI) included comments about Argyll and Bute through its previous annual report system, but this information is now out of date. The new Social Work Inspection Agency (SWIA) is currently introducing more wide ranging inspections of social work services as a whole.
112. A growing elderly population will present a number of challenges for the council. Across Scotland, the percentage of older persons aged 65 and over is expected to increase by 2016. However, in Argyll and Bute this increase is likely to outpace the rest of the country, with the greatest rise in the 75 and over age group. This demographic shift, together with the council's many dispersed, remote and island communities, relatively poor public transport links and problems in recruiting a future workforce from a declining younger population are particularly challenging for the council in planning and providing social work services for older people.
113. Social work services are located within the council's Community Services Directorate. Community care, which includes homecare, residential and daycare services for all client groups is split across two divisions - Community Support, and Integrated Care Services. The Head of Integrated Care is the main interface between the council and the NHS while the Head of Community Support is responsible for the operation of social care facilities. The arrangement appears to work because the two heads of service have a good working relationship, rather than because the structure lends itself to delivering seamless services for older people and other client groups.
114. Flexible and responsive homecare services are important in helping older people to stay in their own homes and lead a better quality of life. Statutory Performance Indicators show that in 2004/05, of those older people using homecare services, only 19% received a service during the evening or overnight, compared with a Scottish average of 27%. The council performed better on providing a weekend service, with 50% of older homecare users receiving care at the weekend, but this is still



below the Scottish average of 53% in 2004/05. There has been a small decline in performance on this indicator for 2004/05, compared with an upward trend in the Scottish average. The council is in the process of concluding a major review of its homecare service with a view to improving its flexibility and responsiveness.

115. A review of residential care was undertaken in response to an Accounts Commission national study highlighting the high cost of the council's directly run residential care homes for older people (*Care in the Balance, Accounts Commission 1999*). The review recommended that the council continue to provide care homes but that the less efficient homes were closed. The council has been reluctant to close homes identified as less efficient, despite its existing facilities being in need of upgrading to meet modern standards of care. As an example, Statutory Performance Indicators show that none of the council's residential homes for older people have en suite facilities. This compares with 77% and 64% in the voluntary and private sectors respectively. The council's care homes are being refurbished to meet the requirement to have more flexible, single care provision by 2007.
116. The council needs to develop a wider strategic approach to the provision of residential care, including undertaking an options appraisal of its own role in the market. This is essential to ensure that resources are properly targeted to enable the service to meet future demand in terms of the level and type of care places available.
117. The geography of the area, and the growing and dispersed elderly population, might suggest that the creative use of ICT should feature high in the council's service development plans but this has not been the case to date. A hundred core packages of SMART technology were purchased in 2003. These can include community alarm, radio smoke detectors, and flood, motion and temperature sensors to be installed in the older person's home and monitored remotely. However, there has been only a 10% take up of this service, due to lack of awareness among service users and care staff. The council has recently taken a more proactive approach to promoting and raising awareness of the packages. It has set up a 'sleepover house' in Campbeltown to act as a demonstration model and provide an opportunity for clients to get first-hand practical experience of using the service, as well as demonstrating its application to care professionals. It anticipates that this will lead to an increase in take up.

## Housing

**Statutory Performance Indicators show good performance across a range of measures, particularly on levels of rent arrears. The main focus is currently on managing the proposed transfer of housing stock to community ownership.**

118. The council has a stock of around 6,000 council houses and the housing service employs the equivalent of 112 full time staff. In 2004/05 rental income amounted to £13 million. The council is pursuing the option of transferring its housing stock to a community owned housing association.

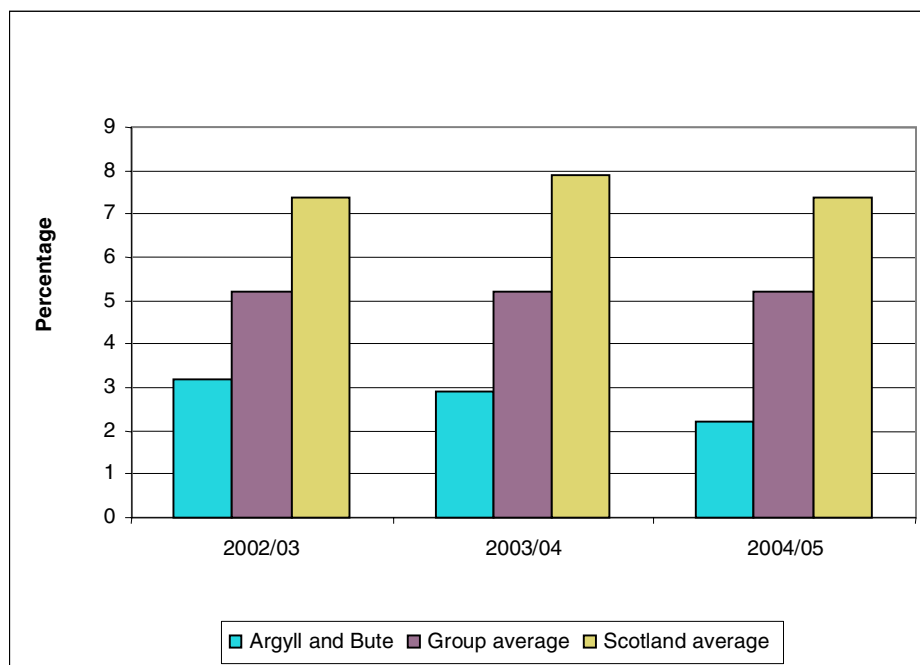


Based on an independent options appraisal and feasibility study the council decided that the needs of tenants for good quality affordable housing would best be served by transferring the stock to community ownership. Transfer to Argyll Community Housing Association is expected to bring significant benefits in the form of refurbishment and upgrading of the existing stock. Tenants have recently indicated by ballot that they support a transfer and final arrangements will be made in 2006.

119. In common with other council services, service planning and performance management is underdeveloped for the housing service. No progress has been made in this area due to the focus on managing the proposed stock transfer. Statutory Performance Indicators show good performance across a range of measures. In 2004/05, the council performed better than the Scottish average in the percentage of rent lost due to voids and in the percentage of empty houses re-let within four weeks. Performance on collecting rent arrears is also good. Current tenant arrears were 2.2% of rent due for 2004/05, compared to an average of 5.2% for similar authorities ([Exhibit 10](#)). Similarly, the number of long-term arrears cases is well below the Scottish average with only 0.5% of current tenants owing more than 13 weeks rent, compared with a Scottish average of 4.5% and an average of 3.3% for similar authorities. Argyll and Bute is the top performing council on these indicators.

### Exhibit 10

**Argyll and Bute is the top performing council in terms of the level of rent arrears.**



Source: Audit Scotland

120. The council has produced a local housing strategy as required by the Housing Scotland Act 2001. The strategy is the first step in comprehensively assessing the area's housing needs and developing specific plans to address them. Much of what needs to be done will require working in partnership with



other public and private sector organisations, particularly to ensure an adequate supply of new houses. The council estimates that 150 to 200 new houses will be required to meet demand over the next five years. Around 90 of these need to be affordable for first time buyers, who are being priced out of the market by the increase in second and holiday home investment in the area. The proposed housing stock transfer to community ownership means the Argyll Community Housing Association is likely to be a key player in ensuring good quality social housing is available at affordable rents.

## Community regeneration

**This service demonstrates a modern, strategic approach to service delivery. It is well managed and has initiated significant developments in performance management and reporting. The council needs to recognise the value of these developments and build on them.**

121. The Community Regeneration service includes: sports and leisure, culture and libraries, community learning and regeneration, housing and council tax benefits and housing support services. The service has a clear overall objective stated in its annual report and service plan: 'to tackle the key challenges of Community and Social Regeneration. Community Regeneration will contribute to these aims by maximising opportunities for income entitlement, informal learning and social, cultural and leisure development.'
122. The service is well managed with a strong commitment to improving service planning and performance management. In 2005 the service produced a cultural strategy, a sport and physical activity strategy and an annual report and service plan for 2005-06. These are significant developments in service planning and performance monitoring and reporting. While there is scope for further development in establishing challenging and measurable targets and performance indicators focusing on service quality and costs, the council should do more to recognise and learn from this example of good practice.
123. Locating sport and leisure strategy within the service recognises the significant part these can play in building and sustaining active communities. Statutory performance indicators show that the council's swimming pools are well attended and in 2004/05 the council ranked seventh across all Scottish councils on this indicator. A review of leisure services carried out in 2001/02 identified the poor condition of leisure facilities as a major issue for the service. The sports and leisure strategy needs to be integrated with the asset management strategy and include an action plan for improving leisure facilities. The council has started a three-year programme of leisure property surveys, but needs to consider if this represents an appropriate timescale for action.
124. Community Regeneration is also responsible for community learning and development. These services are inspected by HMIE, who published a report in 2003 on services in the council's Helensburgh and Lomond area. This concluded that overall the authority provided a good service in



support of community learning and development. A follow up report published in 2004 concluded that the council had taken effective action to implement the recommendations of the original report.

125. Libraries play an increasing role in promoting lifelong learning. Evidence provided by the council suggests that the public's use of computer terminals within libraries is increasing. However, the statutory performance indicator results for the use of learning centre and learning access points have been classed as unreliable. The council has taken steps to address deficiencies in its data collection system. As in the case of leisure facilities and its property portfolio in general, the council needs to develop a strategy for the use of its library buildings to ensure they provide full benefits to the local community in offering a wide range of council services.

## Operational services

126. The Operational Services Directorate is responsible for a number of services including waste management, roads, property services, development services, leisure management, and catering and cleaning. Appropriate trading accounts are maintained and the overall financial position of each trading account is considered at monthly departmental team meetings. Some effort has been made to develop business planning beyond the basic corporate standard.

## Waste management

**The council's costs of collecting and disposing of refuse are significantly higher than elsewhere in Scotland. While the geography of the area is likely to be a contributing factor the council needs to do more to demonstrate the basic efficiency of its waste management service. It is beginning to develop better systems for service planning and performance management to support this.**

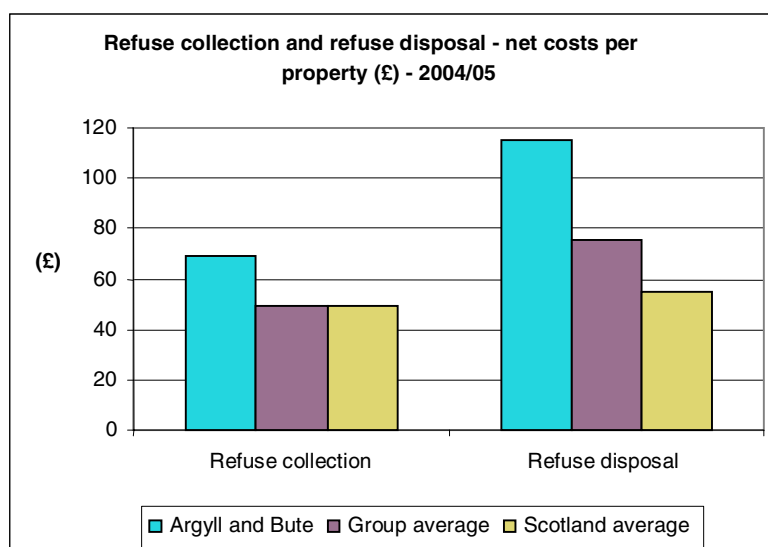
127. The council's cost of collecting refuse, at £68.76 per property, is some 40% higher than the Scottish average of £49.20. The cost of refuse disposal, at £115.38, is also significantly above the Scottish average of £55.08. The costs of collection and disposal are also higher than those costs for other councils with significant rural areas, as shown at [Exhibit 11](#). The higher costs partly reflect the council's public private partnership, which has resulted in significant investment in the service. The council anticipates that the comparative cost gap will close as other councils make the necessary investment.

128. The *Roads and Amenity Services Business Plan 2005-08* includes a commitment to benchmarking waste collection and street sweeping services, developing local performance indicators for waste management, and examining costs of domestic waste collection and disposal. The service has developed a number of key performance indicators to support the statutory indicators for waste management. As an example, the percentage of non-domestic waste recycled in the first quarter of 2005/06 was 23%, compared to the annual target of 15%.



## Exhibit 11

The council's costs for collecting and disposing of waste are significantly higher than elsewhere.



Source: Audit Scotland

129. An independent assessment of the council's public private partnership contract from mid September 2003 to October 2004, identified that the waste management service was broadly being provided in line with contract requirements. However, performance in meeting contractual targets for landfill diversion has been unsatisfactory, due to slow delivery and commissioning of composting treatment plants. These plants are now operating satisfactorily. The Scottish Executive has set a target that 25% of Scotland's waste should be recycled or composted by 2006. Statutory Performance Indicators for 2004/05 show that council recycled 18.4% of its waste, but the council is on track to meet the target of 25% for 2005/06.

## Roads

**The service is making some progress in developing performance indicators for roads maintenance. The council is one of only a few in Scotland that has adopted the Best Value Code of Practice for Maintenance Management.**

130. Statutory performance indicators show that 48% of the council's roads network needs to be considered for maintenance. This compares to a Scottish average of 42%. The service has developed a number of key performance indicators to support the statutory indicators for roads. As an example, the percentage of the revenue budget for 2004/05 spent on reactive maintenance was 42.1%. The target is to reduce this to 38% for 2005/06. The council is currently only one of four which has implemented the Code of Practice *Delivering Best Value in Highway Maintenance – Code of Practice for Maintenance Management* issued by the Institution of Highways and Transportation.



131. The current maintenance backlog on the council's roads network has been evaluated as £38 million. The current allocation of funding through revenue and capital budgets is insufficient to meet this backlog. For 2005/06, the capital reconstruction budget is around £1.9 million and there is no allowance in the revenue budget for reconstruction work. The current estimate by the authority is that £9.5 million is required per annum for ten years and then £6.5 million thereafter. The council has an asset management and planning system for roads that allows spending decisions to be prioritised.
132. Statutory performance indicators show that 100% of traffic lights are repaired within 48 hours and 88% of street lights are repaired within seven days. An options appraisal was undertaken for the street lighting service during 2004/05 which included externalisation. However, this was largely a desk-based exercise with no market testing, and the level of challenge to the status quo was limited. The decision was taken to maintain the service in-house and a service level agreement is now in place. The council estimate that street lighting throughout the council area requires a financial injection of at least £1.5 million over the next five years as a large percentage of the columns and cabling is long overdue for replacement.
133. The council is developing multi-disciplinary work teams, to deliver a wide range of services, currently provided by several different teams or individuals. Activities such as grass cutting, litter collection, minor footpath and road repair, clearing road verges, removing of fly tipping, graffiti and fly-posters, and cleaning public toilets are being looked at with a view to providing a more efficient, streamlined service. This approach is already being used to good effect in Tiree.

## **Property services**

**The service performs well on locally determined indicators and is working to address low levels of customer satisfaction.**

134. The council operates a Building Services Organisation in the Helensburgh and Lomond, Oban and Rothesay areas for the repair and maintenance of its properties. In the other areas of the council, the service is provided through external contractors. The organisation has a good record of completing housing repairs within locally set targets and 2004/05 was the organisation's second successive year as Housing's top performing term maintenance contractor against these targets.
135. The 2005/06 service plan summary for the Building Services Organisation records the main priority as a financial surplus over all operations while achieving customer performance and satisfaction targets. While the service achieved a surplus in 2004/05, customer satisfaction levels have been low although the service has been working to improve this. The significant element of the Building Services Organisation that carries out work on council housing will transfer to Argyll Community Housing Association if the housing stock transfer proceeds as planned. The new community housing association recognises the need for greater customer satisfaction with the repairs service and has plans to modernise the service.





136. Property Services has service level agreements with client departments which set out planned maintenance programmes and enable better monitoring of planned and reactive maintenance. The service is now focusing on shifting the balance from reactive emergency repairs to more planned maintenance and prioritised capital programmes. Some 62% of the repairs budget for 2005/06 has been allocated to planned maintenance against a target of 40%.

## Development services

**The council needs to improve the links between its strategic plans. The council is very aware of the economic development and sustainability implications of all its major decisions.**

137. The Development Services Department is responsible for planning, transport, European funding, and local area development projects. The council has a large number of development strategies including the Structure Plan, Local Plan and a Local Transport Strategy. The strategies have much descriptive and contextual information, but tend to lack specific objectives. In common with other services, links with the corporate plan are underdeveloped. There is also limited cross-referencing of the action points from the various strategies. This makes it difficult to identify overall priorities. The council has recognised this to some extent and intends, for example, to link the local transport strategy more closely to community plan objectives.

138. Recognising that there was previously overlap between its economic development activities and those of the Argyll and the Islands Enterprise, the council disbanded its economic development section. Argyll and the Islands Enterprise is now the main provider of business support. The council is very aware of the economic development and sustainability implications of the decisions it takes across all services and the director of Development Services is effective in ensuring that these are properly considered. The directorate is involved in joint venture development projects such as the Campbeltown New Quay and the Helensburgh Waterfront projects.

139. The Development Services Directorate has produced a transport strategy for the period 2000-2010. It supports the central government Integrated Transport Strategy and promotes the movement of freight by rail and coastal shipping, along with upgrading the road network. The strategy provides a wealth of contextual information, and provides a capital plan, but lacks specific objectives. It is now four-years-old and is in the process of being updated.

140. Local residents rely strongly on ferry transport to the area's islands and peninsulas. It is estimated that some 60% of all ferry journeys in Scotland either arrive at or depart from a harbour in Argyll and Bute. Currently, the majority of ferry routes are commissioned by the Scottish Executive from Caledonian MacBrayne, the main commercial operator. The council also directly operates a small number of ferry services and is responsible for much of the harbour, pier, and breakwater infrastructure. Caledonian MacBrayne directors meet the chief executive, leader and relevant spokespersons formally twice a



year, to discuss transport issues and ferry links. Caledonian MacBrayne is also represented on the Community Planning Partnership.

141. A Best Value review of Piers, Ferries and Harbours was undertaken in early 2005. An interim report in May 2005 noted the need to reduce pier ownership and to consider opening council run ferry services to competitive tendering. The council has undertaken a consultation exercise on the resulting proposals and the results of this are due to be considered soon.



## Part 4: What needs to improve?

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The council needs to take effective and early action to respond to its statutory duty of Best Value. Many of the essential building blocks such as effective service planning and performance management systems need significant development.

The council recognises much of what needs to be done but must drive change from the top of the organisation. It needs to introduce new systems and procedures to support Best Value and increase its focus on improving services in line with the needs of local communities.

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### Developing an improvement culture

142. Best Value and Community Planning lie at the heart of continuous improvement in public services and local governance. Local authorities must develop an improvement culture across all their services. Elected members and officers must focus on key policy objectives and the needs of service users and communities, driven by a desire to achieve the highest possible standards in service delivery. This requires a culture where areas in need of improvement are identified and openly discussed and in which service performance is constructively challenged.

### Argyll and Bute Council's improvement agenda

143. Argyll and Bute Council performs well in traditional areas of management and administration. While these remain important, the council falls short of the expectations on modern local authorities under Best Value. There is evidence that the council did not engage with the Best Value agenda during the early years of its development and there is now considerable ground to be made up. The progress that has been made tends to be the result of initiative and drive at service level.

144. In response to the introduction of legislation and in preparation for the audit, the council undertook an open approach to its own assessment of progress on implementing Best Value. It has identified many of the areas most in need of improvement but needs to develop a detailed and focused plan to address those priority areas. Change needs to happen quickly and effectively if the council is to make up for lost time in addressing its statutory duty of Best Value. For this to happen, elected members, the chief executive and the strategic management team need to take more explicit ownership of the Best Value agenda and provide stronger leadership in this vital area. The council must ensure that the strategic management team has sufficient capacity to drive the fundamental and rapid change that is required. This may need external support in the short term to act as a catalyst and provide access to ideas and innovation that have been effective in other areas.



145. The council has recognised that in the longer term, it would benefit from a suitable programme of management development to ensure that the organisation continues to meet requirements and has a supply of effective managers coming through departments.
  
146. Modern public services should be designed around the needs of the people who use them. The council needs to engage more with its communities to assist it in determining clear corporate priorities. These priorities should act as a focus to concentrate resources on organisational and cultural change. The council should be more self-aware and more self-critical. For this to happen it needs to be more proactive and learn from the experience of other councils and organisations in the public and private sectors.
  
147. The scale of the changes needed if the council is to effectively address Best Value should not be underestimated. While a broad improvement agenda has emerged from the council's own work, more detailed improvement plans should be developed across all areas of its business. These must have specific actions and clear targets by which progress can be measured. Timescales need to be challenging but realistic, and they need to take account of capacity in terms of available skills and other resources.



## Argyll and Bute Council's improvement agenda

### Immediate priority

- Review the corporate plan and establish clear priorities and actions to achieve the council's long-term vision and contribute to Community Plan objectives.
- Establish a strategy for Best Value to demonstrate that elected members are fully committed to continuous improvement and to ensure that it is embedded in the culture of the council.
- Improve the corporate role of the chief executive ensuring that it provides clear leadership on Best Value for the strategic management team and for the council as a whole, initiating new ways of working and offering challenge and creativity.
- Develop the role of the strategic management team to provide more strategic focus and direction, to be more outward looking and responsive to service users. Ensure the team learns from the experience of other organisations in the public and private sectors.
- Develop and implement clear strategies and plans for managing corporate resources including finance, property, ICT, and human resources and ensure that these are linked to policy and service priorities.
- Establish an effective corporate performance management framework to support effective scrutiny and enable the council to demonstrate whether it is delivering on its priorities and achieving the continuous improvement in services required by Best Value.
- Implement a more robust and challenging approach to service reviews, including full options appraisal for different methods of service delivery. The council needs to develop a programme of reviews to challenge key areas of service delivery.
- Develop and implement a customer contact strategy.

### Medium-term priority

- Develop significantly the approach to public performance reporting to improve public accountability and reflect Statutory Guidance.
- Build on the early experience of community planning to establish clearer accountability for delivering actions.
- Establish the cost base for services to ensure that they are being delivered efficiently.
- Ensure that the management structure fully supports effective service delivery.
- Develop the role of area committees to ensure they achieve their potential to shape and ensure high quality local service delivery. Ensure that clear lines of accountability and robust scrutiny arrangements support this.

# Argyll and Bute Council

## The Audit of Best Value and Community Planning



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