

Comhairle nan Eilean Siar

The Audit of Best Value and Community Planning

Prepared for the Accounts Commission

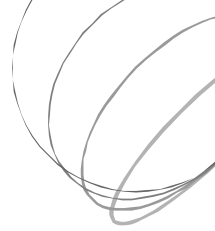
August 2006



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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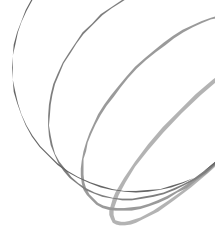


Commission findings

1. The Commission accepts this report on the performance of Comhairle nan Eilean Siar's statutory duty to secure Best Value and to initiate and to facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the comhairle'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. They acknowledge the co-operation and assistance given to the audit process by members and officers of the comhairle.
2. The Best Value audit process seeks to review the performance of each council in its context, which means that there will always be particular circumstances which affect that council. In the case of Comhairle nan Eilean Siar the factors which distinguish its situation include:
 - physical location and geography presenting major communication and transport challenges
 - small dispersed population in rapid decline and with a markedly ageing profile
 - economic growth significantly lower than the UK average with local people having low earnings
 - high reliance of the economy on the public sector as a source of employment
 - historical disparity in infrastructure and development between different parts of the area.

The Western Isles also experiences the common difficulties faced by local authorities, often in more acute or extreme ways.

3. The Commission is concerned that the comhairle is currently unable to demonstrate a commitment to continuous improvement which is built into its processes. Without this, the comhairle will find it increasingly difficult to deliver effectively for its population. Particular areas of concern for us are:
 - The failure, in the period since the announcement of the ending of compulsory competitive tendering, to plan for and to introduce Best Value processes.
 - The absence of robust performance management arrangements.
 - Where available, performance information gives, at best, a mixed picture of service delivery
 - A lack of policy-led budgeting.
 - A lack of corporate management and coordination in procurement, human resources, ICT and asset management.
 - Concentration by members on detailed management issues leaving less time for development and delivery of strategic objectives.
 - Decision making processes which, in some circumstances, give an effective veto to individual councillors, so making strategic policy initiatives such as school closures impossible to implement.

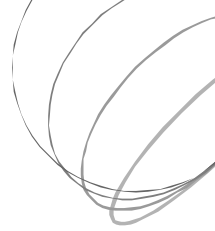


- A very poor working relationship with the health board which we view with particular concern given the importance to the islands of public sector investment, and so the good governance of public sector bodies. The relationship needs to be improved very urgently.

4. But the Commission recognises that the comhairle also has a number of advantages and strengths on which it can build:

- strong foundations in and engagement with its local communities
- a good level of self awareness
- leadership by active and committed elected members
- an ambitious vision for the Western Isles, although it is not clear that credible mechanisms are in place for its effective and efficient delivery
- significant amounts of debate in an open environment
- staff who have a clear stake in their communities
- effective financial stewardship and a strategic approach to capital planning.

5. While recognising the distinctive situation of the Western Isles we must emphasise that the comhairle has a duty to make arrangements which secure Best Value and to lead the Community Planning process among public and community bodies, and the council needs to adopt a more focused approach before it can be said to be fully discharging those duties. The pace of change within the comhairle must increase and it needs to demonstrate a more effective and systematic approach to continuous improvement if it is to be able to cope with the challenges ahead. We are encouraged by the fact that the comhairle has commissioned its new chief executive to undertake a root and branch review of how the authority operates, but we would like to have seen a firm timetable for its completion. If the comhairle is to demonstrate that it is fulfilling its duties on Best Value and Community Planning, the improvement agenda set in part 4 of the report must be actively pursued with a clear timetable and specific 'milestones'. We therefore look forward to receiving from the comhairle an Improvement Plan which is specific as to resources, responsibilities and timescales to deliver this important agenda.



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:

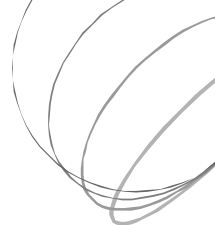
- work with its partners to identify a clear set of priorities that respond to the needs of the community in both the short and the longer term
- be organised to deliver those priorities
- meet and clearly demonstrate that it is meeting the community's needs
- operate in a way that drives continuous 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 Comhairle nan Eilean Siar is meeting its duties under the Local Government in Scotland Act 2003 and
- agree planned improvements with the comhairle. These will be reviewed by the comhairle's local external auditor over the next three years.

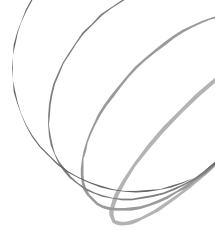
As Best Value and Community Planning encompass all the activities of a council it is not realistic to audit everything in depth, so we plan our detailed work in two ways:

- Where possible, we draw on the findings of other scrutiny processes, such as the work carried out by the Comhairle's external auditors and by inspectorates. These are incorporated into our report.
- We select certain aspects of the comhairle's performance for detailed audit investigation. A wide range of sources, including the comhairle'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 coverage in others. While we have made some comparisons with other councils, our overall approach has focused on performance trends and improvement within Comhairle nan Eilean Siar. The report also reflects the picture available at the time our main audit work was conducted between December 2005 and March 2006.

We gratefully acknowledge the cooperation, assistance and hospitality provided to the audit team by Councillor Alexander A MacDonald, Convener of the Comhairle; Councillor Angus Campbell, Vice-convenor; Malcolm Burr, Chief Executive; Andrew Mackenzie, Head of Internal Strategy; and all other elected members and staff involved. We are also grateful to the representatives of community organisations and the comhairle's community partners who kindly agreed to participate in the audit.



Overall conclusions

Comhairle nan Eilean Siar has a vital role to play in the well-being of its area, and has strong foundations in its local communities. It has raised the standard and availability of local services across the Western Isles from a very low starting point, and its long-term vision is supported by energetic members and committed employees.

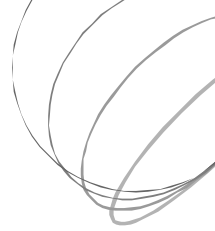
However, tangible plans for achieving this vision are not well developed and while some of the foundations have been established, the comhairle has not addressed Best Value in a sustained and structured manner.

The comhairle needs to develop an effective and systematic approach to continuous service improvement. To respond to its challenging agenda, a more focused approach to Best Value is required and the comhairle needs to improve corporate discipline, for example in the way that it uses performance management, and policy led budgeting to meet its objectives. Elected members and senior management need to place more emphasis on strategic policy development and leadership of Best Value and Community Planning.

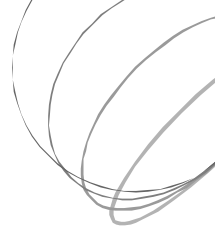
1. Delivering public services in the Western Isles presents a series of often unique challenges:
 - The physical location and geography present major communication and transport challenges.
 - The small, dispersed population is in decline and has an ageing profile.
 - Economic growth is significantly lower than the UK average and local people have low earnings.
 - The economy has a high reliance on the public sector as a source of employment.
 - Common difficulties faced by local authorities are experienced in more acute or extreme ways in the Western Isles.

2. Prior to the 1974 reorganisation of local government, the islands were split between two different local authority administrations. A major priority for the unitary council since then has been to reduce the significant disparity in infrastructure and development between the north and south that was evident at that time. Significant progress has been made over the years, but often from a very low or even non-existent starting point (*'from Blackhouses to broadband in thirty years'*). Much of the comhairle's effort has been focused on the survival of fragile communities, on providing basic levels of service delivery for all the people of the Western Isles and on building a clear single identity for the area.

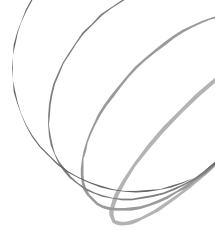
3. The pace of change within the comhairle must increase and it needs to demonstrate a more effective and systematic approach to continuous improvement. There has not been the sustained and structured approach to best value that is needed to address key challenges, to support the achievement of policy objectives or to improve services to local people. There are a number of significant gaps that need attention:



- The comhairle must urgently address its responsibilities in relation to effective performance management and the continuous improvement of services. The absence of robust performance management arrangements means that the comhairle is unable to demonstrate the efficiency and effectiveness of its service delivery. The high number of Statutory Performance Indicators (SPIs) with unreliable data is evidence of a lack of commitment to performance management and is a matter of particular concern.
 - Given the challenges that the comhairle faces, it is critical that it focuses its energy and resources effectively on priority areas and that an approach to policy-led revenue budgeting is developed.
 - More opportunities and better information need to be provided to elected members to enable them to consider strategic policy development and monitor progress against both corporate and service objectives.
 - A more systematic approach to consultation is needed rather than an over-reliance on key individuals and informal arrangements.
 - Significant improvements are needed in corporate management and coordination, including:
 - a system for directors' appraisal that ensures corporate focus and leadership competencies
 - a strategic and more corporate approach to procurement, human resources, ICT and asset management
 - greater adherence to agreed procedures for Best Value Reviews to ensure effective challenge and improvement.
 - Service performance across the council is mixed. While some aspects, such as educational attainment, economic development and transport are good, levels of performance generally are not keeping pace with other local authorities, and service improvement has not been given sufficient priority.
4. The comhairle can build on a number of strengths including:
- a good level of self-awareness particularly on what the priorities for the Western Isles are
 - leadership by active and committed elected members who maintain high visibility
 - close engagement with communities and an understanding of the context in which people live
 - a vision for the Western Isles that is reflected in the comhairle's strategies and plans
 - significant amounts of debate in an open and transparent environment
 - staff who have a clear stake in their communities
 - effective financial stewardship and a strategic approach to capital planning.



5. The comhairle has also demonstrated that when its energies and resources are applied to priority areas, real improvements can be made. For example, physical and transport connections have been established between the various island communities, full secondary education is now available on the islands of Barra, Harris and Uist, and all school children in the Western Isles are able to return home each evening rather than have to stay as boarders. More recently the comhairle and its partners have focused on an agenda to sustain the Western Isles and invest in their future through projects that support the development of social infrastructure, renewable energy, the roll out of broadband, tourism and the cultural and natural heritage of the Isles. More integrated local service delivery methods are also being introduced.
6. The comhairle is at an important time in its development. A new chief executive took up his post during the course of the audit and has invested time in getting to know the organisation and its stakeholders including members, staff and partners. This is already having an impact as the comhairle seeks to better implement its corporate objectives. The chief executive has been commissioned to carry out a root and branch review of the comhairle, including the political and managerial structures and processes. Improvements in basic management standards and better management information have already been identified as key requirements and he intends to provide a stronger focus on the coordination and implementation of council policies. This will include more effective corporate direction of senior management. This is consistent with what elected members feel is required for the comhairle to be more successful. Leading councillors and the new chief executive are aware of the contribution that best value principles and systems can make to these issues.
7. There are other drivers that will also influence the future of the comhairle including housing stock transfer, the establishment of Community Health and Social Care Partnership arrangements and debate about the redesign of local public services that are taking place across the country. It is therefore critical that the comhairle takes the opportunity to focus its energy on ensuring that it is in a position to deliver on its key objectives. This will require an ability to work more effectively in collaboration with other key partners. While relations with a number of agencies are good, those with the Western Isles Health Board are not and both parties need to find a more constructive approach in the interests of local people.



Part 1: Does the comhairle have clear strategic direction?

The location, depopulation and socio economic features of the Western Isles present a challenging context for its local government. The comhairle and its partners have a vision for the Western Isles and are making some progress towards this, though improvements are needed to develop mechanisms to assess the impact of what is happening.

Comhairle members, officers and the people of the Western Isles are strongly committed to sustaining their communities. There is a broad consensus on the needs of the area and on how these should be addressed.

Context

The Western Isles is an area facing many challenges, in particular a declining population and fragile economy that is very dependent on the public sector.

8. The Western Isles, or Outer Hebrides, are a chain of islands off the North West coast of the Scottish mainland comprising of Lewis and Harris in the north and the islands to the south including North Uist, Benbecula, South Uist and Barra. With a total land area of approximately 290,000 hectares, the islands are 210km long from the Butt of Lewis in the north to the small, uninhabited islands of Berneray and Mingulay in the south. The area has very important natural habitats and a rich environmental heritage with a number of areas designated for conservation purposes. The system of land tenure is characterised by crofting and communal grazings.
9. The population of the Western Isles is approximately 26,400, the third smallest of any local authority in Scotland. The geographical spread of the population is uneven, with approximately 18,500 located in Lewis while the other islands have a population of around 2,000 or less. The only sizeable settlement in the islands and the major centre of population is Stornoway with a population of approximately 8,000. The Western Isles is sparsely populated with the second lowest population density of all Scottish local authorities at nine people per km².
10. The population of the Western Isles fell heavily over the last century and more recently, the decline in population between 1991 and 2001 (9.8 per cent) was the highest of any local authority in Scotland. Current population projections show this continues to be an acute concern. The population is expected to decline by a further 15 per cent by 2024, the second highest predicted population loss of any Scottish local authority area.

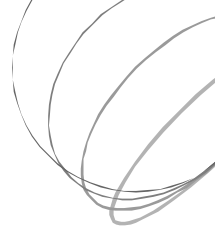


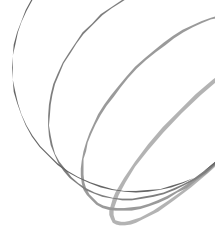
Exhibit 1

The Western Isles



Source: Comhairle nan Eilean Siar

11. The Western Isles also faces a number of demographic challenges. The working age population is lower than for Scotland as a whole and there are more people in the 60-74 and 75+ age groups than the national average. Population projections forecast that by 2024 there will be a 31 per cent decrease in the 0-15 age group, and a 21 per cent decrease in the working age population. Correspondingly, there are predicted to be big increases in the older population. The Western Isles is not unique in this respect but the demographic change in the Western Isles is more marked than the national average. Sustaining the communities of the Western Isles is one of the biggest challenges faced by the comhairle.
12. The Western Isles is a bi-lingual community. Some 72 per cent of the islands residents have 'some Gaelic language ability', compared to two per cent for Scotland as a whole. Approximately 60 per cent of the population are Gaelic speakers, compared to a Scottish average of one per cent. The proportion of ethnic minorities is far below the Scottish average.
13. Economic sustainability is a key issue for the Western Isles. The total Gross Regional Domestic Product (GRDP) of the Western Isles, a measure of the total economic activity within the area, was estimated to be 66 per cent of the UK equivalent in 2003. The Western Isles economy has experienced 2.5 per cent growth in real terms since 1997 but this is lower than UK as a whole. The Western Isles is heavily reliant on primary industries such as fishing and fish farming and the public sector. The public sector accounts for 29 per cent of employment. Tourism has increasingly

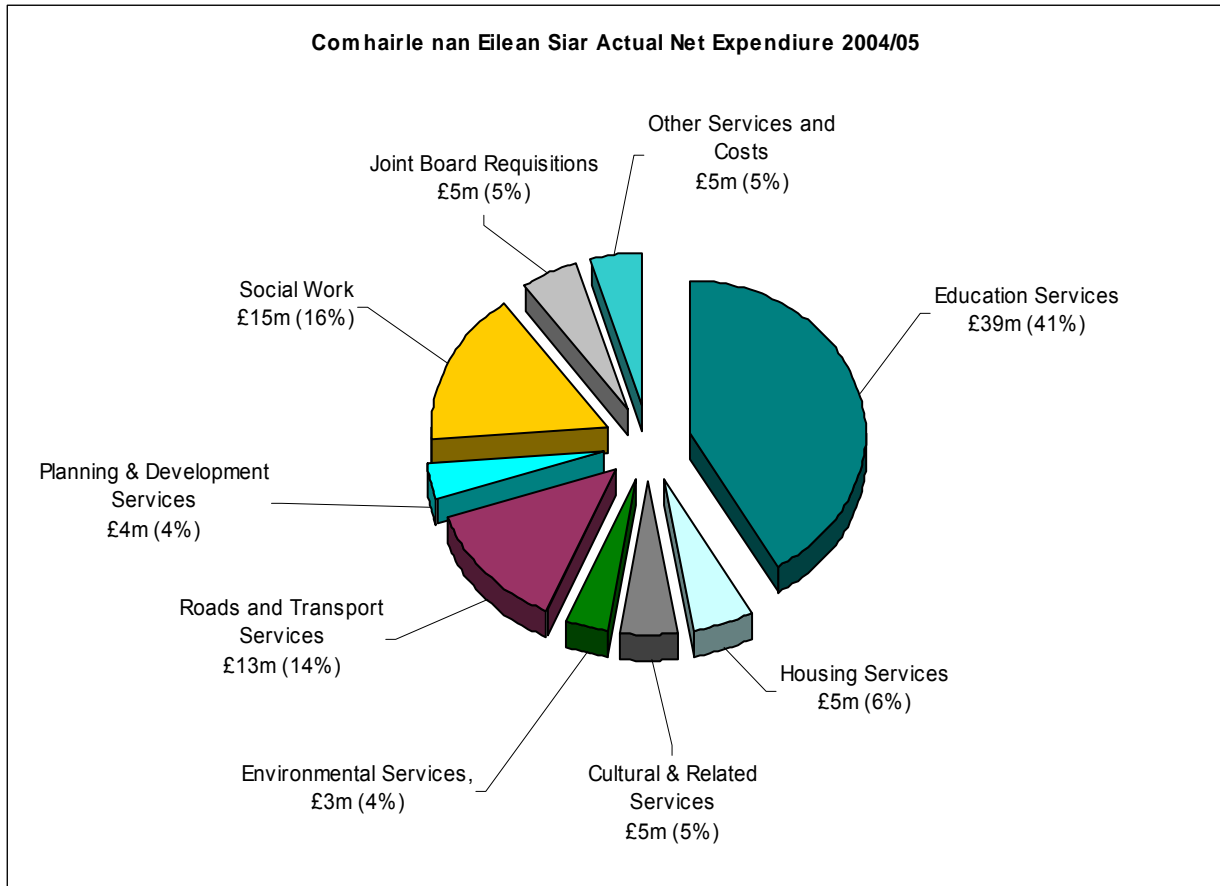


contributed to GRDP since 1997. However, the percentage of jobs in finance and business is less than half the national average and the dependence on a few sectors makes the economy susceptible to market fluctuations.

14. Transport is another challenge for the isles and can be a key element in the economic development of communities. Within the Isles the transport links have improved greatly over recent years with the upgrading of the roads network, the building of causeways to link a number of the islands and some integration of public transport. Inter island ferries connect North Uist and Berneray to Harris and Barra to Eriskay. There is also a ferry link from Barra to South Uist. Much of the arterial road network remains single track and with a sparsely distributed population even some of the main settlements are small with limited facilities. Transport between the Western Isles and the mainland is expensive and dependent on air and sea travel. There are airports in Stornoway, Benbecula and Barra linking the islands and the mainland.
15. While unemployment is lower than the Scottish average, median earnings are also below the Scottish average. This is significant since the costs of food and fuel prices are around 15 per cent higher than mainland urban prices. The 2002 Scottish House Condition Survey showed higher levels of fuel poverty in Western Isles than the rest of Scotland (34 per cent compared to 13 per cent) although this has decreased in recent years.
16. Faith is a significant feature of the Western Isles. There are a large number of different Christian churches, with the northern islands, Benbecula and North Uist predominantly Protestant and the southern islands of South Uist and Barra predominantly Catholic. Members of the clergy play an active role in community organisations. Faith influences some of the comhairle's policies and the way that it delivers services in parts of the islands.
17. The Western Isles has a distinctive housing profile. According to the census in 2001, 15 per cent of properties were empty. Around half of these were second or holiday homes but around seven per cent of the total stock was permanently unoccupied. Around 72 per cent of households are owner-occupiers which is higher than the Scottish average. Household size is similar to the national average. There is a greater proportion of dwellings in council tax band 'A' than average (36 per cent compared to 24 per cent) and a lower proportion in bands F to H than average (one per cent compared to 11 per cent). The comhairle has the lowest band 'D' council tax level in Scotland at £999 (2006/07). However, the average rent per week is higher than average.
18. In 2004/05 the comhairle's net revenue expenditure was £94.7 million. Net expenditure per person is £3,606, the second highest in Scotland, and the comhairle has 2,400 employees. [Exhibit 2](#) sets out the revenue spend on each service in 2004/05.

Exhibit 2

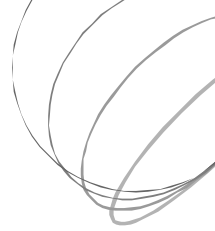
Comhairle net expenditure by service



Source: Consolidated Revenue Account taken from Comhairle nan Eilean Siar Abstract of Accounts for the Year 1 April 2004 to 31 March 2005

19. The comhairle is an independent council with 31 elected members (24 independent, four Labour and three Scottish National Party). There is no 'administration' group and members consider, debate and vote on recommendations on an issue by issue basis.

20. The political management structure consists of the comhairle; the Policy and Resources Committee; and committees covering arts and leisure, audit and scrutiny, education and children services, environmental services, housing, social work, sustainable development, transportation and a commercial operations board which covers a number of the trading operations. The comhairle also operates a number of sub committees and panels and Member Officer Working Groups (MOWGs). Corporate leadership is provided by a convener and a vice convener, who is also chair of policy and resources committee.

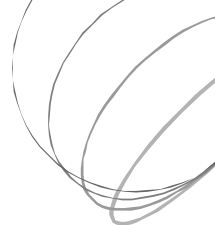


21. The management structure of the comhairle is essentially traditional with departments covering the chief executive's office, education, housing, ionmhas (finance), social work and technical services. The comhairle also has departments covering corporate services (legal and democratic, information technology, human resources, central services and commercial operations) and sustainable communities. The sustainable communities department covers a wide range of functions including leisure and learning, cleansing, health and consumer services, development services and economic development.
22. A new chief executive has been in post since November 2005 and the comhairle has commissioned him to carry out a 'root and branch review' of the organisation to consider political and managerial structures along with other matters. This review was under way at the time of the audit and is scheduled to report in the autumn of 2006. The comhairle views the audit of best value as an additional opportunity to inform this review.

Responding to the needs of the Western Isles

The major challenges for the Western Isles centre around a declining population and a fragile economy that is reliant on the public sector. The comhairle has gradually raised the standard and availability of services over the last thirty years, from a very low starting point.

23. It is clear that the Western Isles and therefore the comhairle and its partners face many challenges. The Western Isles administrative area came into being in 1975 and was formed from parts of Ross and Cromarty County Council in the north and Inverness County Council in the south. Thirty years ago services varied greatly between the northern and the southern islands and the comhairle started from a much lower baseline than many other local authorities. Over the last three decades the comhairle's focus has been on providing basic services and infrastructure and moving towards more equal provision of services across the Western Isles. The comhairle has come a long way over this time frame and established a sense of 'oneness' by bringing the islands together.
24. Much of the work has concentrated on physical communications and developing transport links. This involved connecting the islands with each other and to the mainland, through a combination of air and ferry links, the spinal route, bridges and causeways and local buses. The comhairle and its partners are now focusing on an agenda to sustain the Western Isles, in recognition of the declining and ageing population through major flagship projects based around renewable energy and broadband.
25. The comhairle and its partners have identified their key priorities and there is a broad consensus on these. There is also evidence that the comhairle, in partnership with other agencies, and by accessing external funding has delivered significant improvements for the Western Isles. For example the development of the transport links and the provision of S1 – S6 secondary schools in



Tarbert, Lionacleit and Castlebay means that every child can now return home at night after their day at school rather than living in a hostel during the week, as was previously the case for many pupils.

26. The pace of change is slow. There is evidence of some improvements to services, but that these take longer to happen than in other areas. This is no doubt influenced to some degree by the comhairle's low starting point and, while the comhairle has a good awareness of what needs to change, its capacity to deliver these improvements is limited and can take a long time.

Vision

The comhairle and its partners have an ambitious vision for the Western Isles, which is articulated clearly in both mid and long-term plans and strategies. However, there is a significant gap in these with regard to improving core day to day services in accordance with the specific needs of local communities.

27. The long term vision for the Western Isles is articulated in the Outer Hebrides Community Planning Partnership's Community Plan ([Exhibit 3](#)). The plan 'fast forwards' to a future state where it reflects on the progress made over the fifty years since the turn of the millennium.

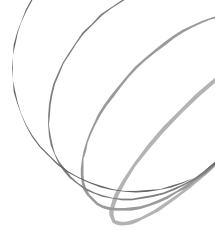
Exhibit 3

Where could we be in 2050

'Today in 2050 it is difficult to believe that at the beginning of the millennium many people spoke of economic crisis and the decline of our islands. At that time Community Planning was new. The full benefits of a partnership approach to the development of the Western Isles was more a vision than a reality. It is worth recalling some of the major benefits that came after our first Community Plan:

- The development of renewable energy that transformed our Islands into a net exporter of renewable electricity to mainland UK and also created a thriving export business in the manufacture of wind turbines and wave power machinery.
- The broadband electronic connectors that allowed the Islands to export high quality pictures around the world from the Gaelic Digital Broadcasting Centre in Stornoway.
- The development of leisure industries, sea sports centres and prestigious events such as the annual World Surfing Championships and the Round the Islands Sailing Race.
- A revolution in crofting linked to the cultivation of new crops including water lilies, bulbs and seed potatoes and the birth of the Sustainable Food Co-operative coupled with the development of the Western Isles brand name for quality salmon, seafood and lamb.
- The University Research Stations studying shellfish production & the first Chair of Renewable Energy at the UHI Millennium Institute in Stornoway.
- A buoyant tourism industry, rejuvenated textiles industry and a thriving Gaelic language and culture that have contributed to increasing the number of people that choose the islands preferred choice to live or visit.'

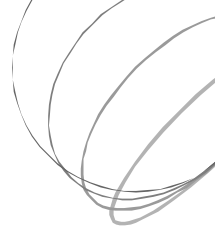
Source: Community Plan for the Western Isles



28. The community plan describes the partners aiming for 'the creation of a prosperous and healthy community based on the principle of sustainable development through respect for the natural environment and the cultural traditions of the Western Isles'. The plan also identifies the main priorities for action for the partnership that centre around; the economy, community well-being, culture and heritage, lifelong learning and 'ensuring what we do lasts'.

Creating communities of the future

29. There is a consensus among members, officers and partner organisations that the over-riding objective of their activities must be a focus on the sustainability of the Western Isles. The partnership's aims are further developed in its *Creating Communities of the Future* strategy, which was published in 2002 and refreshed in 2005. The strategy provides a shared vision for the regeneration of the Western Isles. Like the Community Plan, the strategy describes a 'future state' in 2010, where for example 'in-migration has clearly started with a rise in population evident, renewable energy is a major employer and economic contributor' and 'Broadband is universally available and widely used'.
30. The strategy identifies the six main drivers for achieving the strategy as being; renewable energy innovation, broadband, tourism, culture & heritage, business infrastructure and jobs dispersal, and the UHI Millennium Institute (of which Lews Castle College in Stornoway is a partner).
31. Each of these drivers has associated objectives that the partnership seeks to achieve over the next five years. For example under the heading of 'Renewable Energy Innovation' the targets include:
- Improved connection to the national grid to facilitate export opportunities.
 - Development of a structure to apply community benefit, including the promotion of community owned generation.
 - Initial implementation of an Outer Hebrides hydrogen strategy.
 - Stimulation of the supply chain to allow local business to take advantage of wind farm developments.
 - Enhancement of the reputation of the Outer Hebrides as an Energy Innovation Zone.
 - Provision of on-going support to community-based renewable energy projects.
32. The strategy also identifies where progress is being made. This includes: the attraction of three major and seven smaller wind farm proposals; investigations into marine energy; the lobbying of government agencies on energy infrastructure and statutory frameworks, in particular on a connection to the national grid; the implementation of the 'Connected Communities' broadband



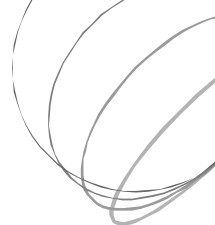
project; year-on-year growth in the tourism sector; and the establishment of 'Consumer Direct' advice centre in Shawbost.

33. However, there is a significant gap in the comhairle's strategy with regard to plans for improving the core services of the council and how the day to day services delivered by departments can be improved in accordance with the specific needs of local communities.
34. An update report on the *Creating Communities of the Future* action plan presented to the Community Planning Partnership in March 2006 shows progress has been made on 44 of the 69 activities under the six key drivers. For example the comhairle has carried out a survey of the local electricity grid to identify capacities and key constraints. Phase one of the hydrogen strategy has started and a hydrogen lab has been established at Lews Castle College in partnership with the comhairle.
35. Religious faith is important to many people of the Western Isles and this influences the comhairle's policies. Much coverage in the national media relates to issues such as Sunday ferry crossings or the comhairle's policy not to offer ceremonies for civil partnerships. It is important to recognise that this issue does not often feature in debate and has little impact on the majority of the business that the comhairle conducts or the services it delivers.
36. There is some evidence that the comhairle adapts service delivery in a way that is sensitive to the local communities it serves. For example in June 1998, the comhairle agreed that the swimming pool, games facilities and cafeteria at Sgoil Lionacleit could open on Sunday afternoons and some services are also provided on a Sunday in Benbecula, South Uist and Barra. In contrast the sports centre in Stornoway does not open for business on Sundays. The comhairle has to balance tensions between some of its policy objectives. It seeks to respect and protect the heritage and culture of the Outer Hebrides, but accepts that the inward migration that is essential to future sustainability, will lead to a more diverse community of cultures, values and attitudes. There is evidence that the comhairle is attempting to manage this tension in a mature and sensible way. Change is happening, but it is pragmatic, at a pace that maintains a degree of consensus across the community and does not isolate or ignore any particular section of the community.

Leadership

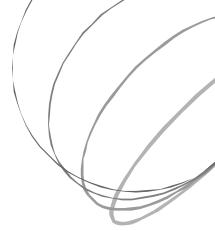
Members and officers demonstrate leadership on strategic objectives, particularly through flagship projects. However, there has been a lack of leadership in establishing the systems and processes that are necessary to support continuous improvement and successful achievement of comhairle objectives.

37. The comhairle is an independent council, 24 of the 31 members are independent and there is not an independent administration group. The convenor of the comhairle combines aspects of the ceremonial duties traditionally associated with a provost along with the roles of a council leader. The vice-convenor of the comhairle is chair of the policy and resources committee. The committee



members themselves elect the chairs of committees rather than them being appointed by an administration group.

38. In the absence of a defined administration group there might be a risk of a lack of leadership and direction. However, the consensus view on priorities and on most issues shows that there is leadership at the political level. Similarly the clarity of the long-term vision, particularly expressed by the convenor, vice-convenor and most chairs of committees shows not only leadership, but also a very real commitment to the Western Isles. It is also clear that the comhairle takes its community leadership role very seriously. This can be seen in the debates in the chambers and in the comhairle's strategies and plans and it is clear that members see themselves as having both representative and leadership roles for their communities. However, members often concentrate on operational management issues, such as the detail of minor personnel decisions, leaving less time and space to consider development and delivery of their strategic objectives.
39. The absence of a number of the key building blocks for best value shows that there has been a lack of coordinated top-level leadership in establishing important systems and processes over recent years. For example, the comhairle has not implemented its performance management arrangements effectively and they need significant development, as do a corporate approach to strategic human resources and asset management, policy led budgeting and systematic methods for community consultation.
40. A new chief executive had only been in post for a few months at the time of the audit and has invested considerable effort in getting to know the organisation and its stakeholders including members, staff and partners. He intends to concentrate his focus on the coordination and implementation of council policies, and this is consistent with what elected members feel is required for the comhairle to be more successful. Leading councillors and the new chief executive are also aware of the contribution that best value principles and systems can make to these issues, and the need for the pace of development to be significantly increased.
41. In recent years the Corporate Management Team (CMT) has generally focused on departmental agendas and there was little call on individual directors to adopt a more corporate approach. There is evidence from the manner in which specific projects have been undertaken that the senior management at the comhairle has the capacity to address key best value processes and to be more corporately focused. However, the chief executive has identified corporate discipline and raised management standards as two priority development areas, recognising that directors and senior management in the council need stronger direction and strategic control. The chief executive has had to take action in recent months, for example, when the comhairle's contract procedures were not followed in a major service area. Greater corporate discipline and direction is required, and the CMT will benefit from the new approach being taken by the chief executive. This should be underpinned by

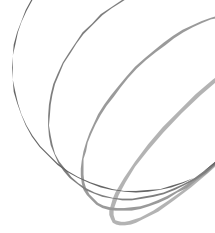


an appraisal and development system for chief officers that should help to ensure that the appropriate leadership and management competencies are in place.

Engaging with communities

Community engagement is strong, but would be improved by systematic and robust consultation arrangements, with greater balance between the reliance placed on elected members as a conduit for community views and other methods.

42. The level of community engagement is significant in the Western Isles, in part due to the high number of voluntary and community organisations in operation. There are over 250 voluntary groups across the islands, and around 40 voluntary organisations in Barra alone, which has a population of around only 1,160.
43. The people of the Western Isles have shown their commitment to improving life in the Islands. Community organisations take many different forms and include; support groups, community development trusts and groups taking forward community land buy-outs. Currently three community led trusts own 5 per cent of the landmass and, if current negotiations are successful, within a decade up to half the land mass of the Western Isles could be under community ownership. There are many examples of communities taking the initiative for themselves and organising rural transportation, establishing youth groups, and introducing recycling initiatives. The Western Isles has a strong resource in this active community and the comhairle has introduced measures to help support and coordinate this activity. The comhairle has set up a network of eight community coordinators to provide greater support to community groups.
44. The comhairle has carried out a number of consultation exercises on particular issues or as part of best value reviews. Its main consultation method however, is to seek views through the elected members and the active network of 26 community councils. The comhairle believes that its closeness to the community is a major strength. Each elected member in the comhairle represents an average of some 700 local people, the highest member to elector ratio in Scotland, and members point to their visibility and accessibility within their communities as evidence of this engagement.
45. The absence of more systematic consultation mechanisms means that there is no way for the comhairle to check that the current approach is effective and reflects the views of citizens. The comhairle does not, for example, operate a citizens' panel and has not carried out a comprehensive residents' survey. It has consulted on some contentious issues, for example the wind farms, but not on others, like service provision on Sundays.
46. The comhairle has statutory duties with regard to responsiveness and consultation that need to be approached in a systematic way. Such arrangements would provide a clear indication of what citizen's wishes are and offer objective evidence to help members take difficult decisions. A more consistent, objective and transparent approach would provide greater assurance that the comhairle's



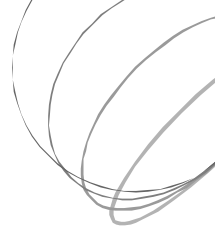
actions are properly responsive to its customers and citizens. Supplementing the existing arrangements with a more structured system would be beneficial, and the comhairle also needs to improve how the results of consultation are fed back to residents, stakeholders and service users.

47. The comhairle has recognised there is a need to coordinate wider stakeholder consultation and to ensure it reaches out to residents who may not currently be engaged with established consultation mechanisms. The community planning partnership's community engagement action team, established in 2005 is considering how to develop consultation networks that better suit other community groups, such as young people for example.

Community planning and partnership working

The comhairle has made some progress on community planning but needs to strengthen working links with partners and in particular address the poor relationship with the Western Isles Health Board.

48. The Outer Hebrides Community Planning Partnership (OHCPP) has been in operation since 2001. Many public, private and voluntary agencies are involved in community planning either through the partnership itself or by participating in one of the five thematic forums that cover community wellbeing, the local economy, lifelong and community learning, Gaelic language and culture, and sustainability and the environment. The partnership has coterminous boundaries with a number of its key partners including the local health board.
49. The Community Plan is an aspirational document and contains limited information on how partners will contribute towards the delivery of the goals, or outcome measures to demonstrate whether they have been achieved. The partnership recognises that it needs to develop these action plans and to include SMARTer performance measures. The action plans developed by the partnership's forums to support the main plan are at different stages of development, though there are signs that some forums have made good progress, in particular the Local Economic Forum's progress on the *Creating Communities of the Future* strategy.
50. In common with experience elsewhere, the partnership recognises that there are tensions in the community planning process, as the partners have independent decision making procedures. A scheme of governance for the community planning partnership would help to bring clarity as to what is and what is not within the power of the partnership.
51. There are mixed views about the effectiveness of the OHCPP among partners. Some have expressed the view that they do not feel equal, and that the way the comhairle works can on occasion be inconsistent with true partnership working. Community Planning Advice Notes that support the 2003 Act identify a number of good practice principles, stating how there should be 'respect for the roles of partner organisations and for the statutory role of some partners for service



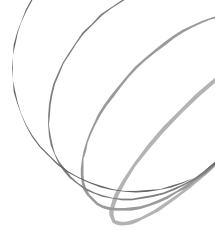
delivery' and that 'a culture of trust and openness is nurtured within the partnership'. This is not always evident in the Western Isles, particularly when contentious issues are under discussion.

52. Commitment to and the extent of partnership working varies and tends to rely on the individuals involved. It is evident that partnership working is not yet fully integrated into operational working among all partners. Community Planning has also still to get widespread support and involvement from members. Although the convener chairs the partnership and some members attend there has been limited involvement of other elected members in the forums.
53. The comhairle has been working effectively with Western Isles Enterprise in delivering economic development benefits, for example implementing broadband technology. It has also delivered positive outcomes by working jointly with the Western Isles health board at an operational level, for example by developing a joint health facility in Barra.
54. However, it has been less successful in working effectively at a strategic level with the Western Isles Health Board, and the two organisations have required external assistance in developing integrated health and community care services. The relationship with the Health Board has recently deteriorated further, and these key agencies are unable to present a common approach on important issues that face the Western Isles communities. There are various opinions within the organisations and the community on the root causes of the strained relationship, and it is difficult to confirm these to any clear extent. However, differences in organisational culture, decision making arrangements and differences of opinion surrounding the way in which health care services are provided in the Western Isles seem to be key factors. What is important is that the current situation must be resolved by both parties to ensure that it does not compromise service delivery and that the planned developments for shared service delivery can be achieved.

Corporate planning

The comhairle's corporate planning arrangements have only been established in recent years and it plans to revise and improve these in 2007.

55. The comhairle's first corporate strategy is a relatively recent development and was agreed in 2004. It contains a single corporate priority, providing best value services, supported by nine strategic themes, for example 'giving priority to creating a diverse economy' and 'promoting the Gaelic language and lifelong learning'. These are supported by 80 strategic objectives which are clearly referenced in departmental business plans. For example, under the strategic theme 'Building on Our Cultural and Social Strengths' the corporate strategy lists four strategic objectives:
 - Strengthening the social capacity of communities and individuals.
 - Encouraging small-scale amenity developments for leisure, recreation and environmental improvements.

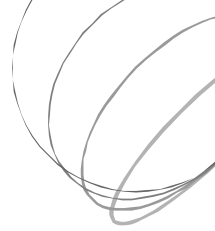


- Developing facilities to display, promote and interpret our crofting, fishing and religious heritage.
 - Supporting the development of piers and other facilities to widen opportunities for maritime leisure activities.
56. In December 2005 the comhairle identified three themed priorities in recognition that such a large number of objectives required prioritisation. The priority themes, which are consistent with the community plan, are:
- **Economic Development** - giving priority to creating a diverse economy.
 - **Leadership for the Islands** - improving health and well being, developing our staff and listening and responding to the community.
 - **Promoting the distinct identity of the Western Isles** - a distinctive heritage and culture, the Gaelic language and lifelong learning and building on cultural and social strengths.
57. The local external auditor has previously reported weaknesses in the corporate planning system to the comhairle. For example, the corporate strategy does not contain clear outcome focused targets that enable the comhairle to monitor, report and be held accountable for its performance. Though more detailed measures can be found in departmental business plans and other individual strategies, these do not assist the comhairle to take a strategic overview or to determine where resources might best be directed towards the comhairle's priority areas.
58. The comhairle recognises the limitations of the corporate strategy, and has plans to ensure the next strategy produced in 2007 addresses these areas of concern. In the interim, it has carried out a prioritisation exercise to identify the relative importance of the strategic themes to allow the current strategy to be used in a more integrated approach to budget and business planning.

Accountability and openness

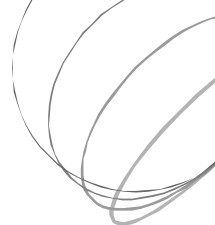
Members have a close relationship with their communities and engage in open debate and decision-making. However, the quality, timing and accessibility of information for the public and elected members needs to improve.

59. Guidance supporting best value states that elected members should ensure decision-making processes are open and transparent, with business being managed in a manner which supports accountability and that there should be clarity around how a council directs and controls its functions and how services are delivered. The comhairle has recognised the need to review how it conducts aspects of its business but this has been progressing slowly. A Corporate Governance Review in 2003, concluded that the roles of members and officers need to be clearly defined and the Audit and Scrutiny committee has also recommended that protocols for committee Chairs and senior officers be reviewed. Work is ongoing on the Scheme of Administration, and it is important these areas are

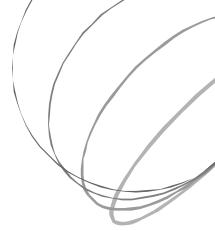


addressed as part of that work. The impact of new structures around Public Private Partnership (PPP) schemes, Community Health and Social Care partnerships and the new housing partnership will also require clarity of public service decision making.

60. Members feel accountable to local constituents and the comhairle prides itself on the democratic basis of its decision-making. The comhairle and committee meetings are characterised by genuine, wide ranging and open debate. Committee chairs ensure members have an opportunity to express their views and it is common for members to contribute to debates even where they are not members of that particular committee. Sometimes, however, discussion and debate on operational or delegated matters takes precedence over debate around more strategic issues.
61. There is an appetite among senior elected members to become more involved in strategic discussions and the comhairle would benefit from harnessing this potential. On some matters policy decisions are made through motions presented in committee and while this is of course a democratic option it can mean that the full implications of such decisions may not have been considered, for example on schools rationalisation. Some form of policy development forum would support strategic discussions and help elected members to fulfil their collective responsibilities on policy and strategic direction in addition to their role in scrutinising the delivery of comhairle functions. An informal members' briefing session at the beginning of each committee cycle is popular and productive, but consideration should be given to building on this informal arrangement to establish a more structured opportunity for briefings and general discussion.
62. The comhairle needs to develop systems to improve transparency and openness by improving access to information. The comhairle acknowledges it needs to improve the timeliness of reports to committees as committee agendas are often issued without the full set of accompanying reports and 'to follow' items are not uncommon. This means that elected members may not be receiving information in time to consider it properly. More could be done to make reports available to the public. The committee section of the website is poorly signposted and agendas and times of forthcoming meetings are not publicised effectively. Committee reports are not made available through the website, nor is there any indication of how to obtain reports.
63. Agenda papers for committees and the Management Team include a standing item that updates the current status of outstanding reports required by those forums. This is a useful arrangement and provides the meetings with a means of tracking progress. However, a review of these reports shows that there were 74 committee reports outstanding as at February 2006, 24 of which were outstanding for over a year.
64. The comhairle is the subject of considerable coverage in the local media but also recognises that it needs to improve its Public Performance Reporting (PPR). The comhairle has identified gaps in its approach to PPR, particularly on reporting service performance and on the quality of its website.



Council tax payers received the comhairle's first PPR, covering 2004/05, in March 2006. The report focuses on SPIs and is fairly balanced and presented in both English and Gaelic, but the delay in publication means that its value to citizens is greatly reduced.



Part 2: Is the comhairle organised to deliver continuous improvement?

The comhairle does not have a systematic approach to sustained continuous improvement. It needs to further develop and effectively implement its performance management arrangements, to ensure that it can demonstrate what progress is being made on objectives and how improvement is being driven into service performance.

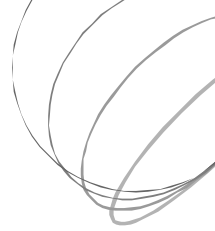
The comhairle recognises that it needs to do more to direct available resources towards its priority objectives. This encompasses the development of workforce planning and policy-led budgeting to ensure that the best use is being made of the comhairle's people, finances and other resources including buildings and Information Communications Technology.

The comhairle has firm foundations for financial stewardship and it is making good progress on its approach to risk management.

Managing performance and scrutiny

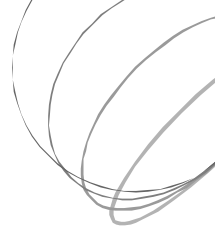
The comhairle does not have effective performance management arrangements in place at present. It is in the early stages of developing a framework based around customer-focused service standards.

65. There is limited evidence that the current performance management arrangements are able to provide the comhairle with the information it needs to allow an assessment of performance against corporate and service objectives. There is variation in management information systems and measures across services, many of which rely on manual systems. This means that performance measurement is a resource intensive activity and tends not to be seen as part of core business.
66. The comhairle relies on the SPIs for most of its performance management information and the comhairle's Public Performance Report is largely based around SPIs. However, 18 per cent of the SPIs were deemed unreliable or failed to report in 2004/05.
67. Members largely rely on feedback from their wards, quarterly financial monitoring reports, and annual reports based on SPIs to assess how well the comhairle or individual services are performing. Despite evidence that members have an appetite to discuss service performance, only limited performance information is routinely submitted to committees.
68. Service committees receive quarterly reports on revenue and capital expenditure, but there is less information available for them to assess performance or the comhairle's progress on service plan objectives. Though committees receive progress reports on projects and initiatives the quantity and regularity of performance reports varies considerably. In the 14 months prior to audit the Housing



Committee received 11 performance reports whereas the Environmental Committee received only five. Committees receive limited performance trend information and where it is present this relies on the SPIs.

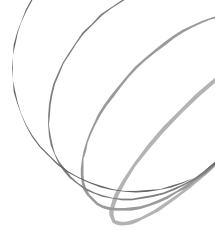
69. There are some good examples of reports evaluating performance for specific parts of services, for example, trends in rent arrears, best value review reports and the evaluation of mink reduction measures. However, the comhairle does not have a systematic approach for reporting on the performance of services across its range of functions. When reports are presented to committees, they are the subject of considerable interest and debate and elected members have an appetite for performance information.
70. In 2003, the comhairle replaced its Standards and Scrutiny Committee with an Audit and Scrutiny Committee. The committee considers reports on a range of issues, for example, reports outlining how the comhairle should respond to changes in legislation and reports by the local auditor. The committee also considers reports monitoring the progress of reviews and procedural matters relating to the scheme of administration and delegation. The committee receives very little information about how services are performing.
71. The comhairle recognises that, despite a committee being in operation from a number of years and the changes in 2003, its role still needs to be strengthened and its profile raised. The committee is not pro-active enough and currently considers reports that it is presented with, rather than commissioning reports itself. Attendance at the committee has been inconsistent, particularly since September 2005 where it has struggled to be quorate.
72. The comhairle has introduced the 'LINUX' system to track progress made against activities. The system has merits as a task monitoring system, but currently it is limited in its ability to present the information on performance measures, outcomes and trends that are required to drive continuous improvement in service delivery. Furthermore it is not clear that there is buy-in from all services for its ongoing development and implementation.
73. The comhairle recognises that it has some way to go in developing and implementing its performance management arrangements, although it is making progress with an exercise that concentrates on customer-focused service standards as a way of identifying performance measures. A sound conceptual framework has been developed and the CMT planned to devote time to developing it further in May 2006.



Continuous improvement

There is a desire to improve services in the Western Isles, but the comhairle has not backed this up with a systematic and disciplined approach to driving continuous improvement.

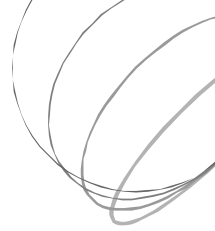
74. Elected members and officers have a desire to improve services for the people of the Western Isles but the comhairle has lacked any infrastructure to harness this effectively. There are signs that this is changing, for example through the establishment of an officers' Improvement Network to develop and roll out initiatives.
75. The comhairle is unable to demonstrate that it has delivered significant service improvements through alternative ways of working. Best value reviews, option appraisals and competitive tendering have not always been robust and the absence of performance management information means that review activity has not been systematically linked to service user demands, identified weaknesses in performance or the comhairle's overall vision for improvement.
76. The challenge provided by service reviews and option appraisal is a fundamental aspect of best value, helping to ensure that services remain relevant, efficient and effective. With some exceptions, the review of business support services being one, the comhairle is not able to show that its challenge and review processes have made its services more efficient or delivered improved outcomes for service users.
77. The comhairle has a framework for best value reviews that includes a well-defined review process supported by a comprehensive best value toolkit. In principle, this framework should provide a robust approach to reviewing services, but there is little evidence that reviews have followed the review toolkit or been carried out within the agreed timescales.
78. Members should have a key strategic role in providing a level of independent challenge to reviews but they have not routinely been involved in the review process. Reviews have lacked an effective level of independent challenge and there has been an absence of a consistent and rigorous approach to options appraisal. In many cases, review teams have not been clear about their objectives and the scope of reviews has been changed. This has led to the reviews being seen by some managers as irrelevant and bureaucratic, rather than a key tool to help drive service improvements.



Customer service and customer care

Customer service and customer care vary across council services and depend more on the efforts of individual members of staff than on effective Best Value systems.

79. The comhairle recognises that its arrangements to support customer care are relatively unstructured and under-developed, though it plans to address this. The *Corporate Strategy 2004-2007* contains a commitment to improving customer care, but progress has been slow. Most of the comhairle's initiatives are at the design and early implementation stages. Good customer care exists in a number of areas but this is often a result of the willingness and commitment of individual members of staff rather of systems to support them doing their jobs.
80. The context of the islands means that members and officers have close ties and strong sense of loyalty to their local communities. Considerable engagement took place during the audit with comhairle staff and services in local communities across the islands. The level of service received by customers varies depending on where and how they make contact, and customers may need to communicate information to more than one member of staff on a number of occasions in order to request a service. Given the scale of operations in the Western Isles, it should be possible to ensure a more consistent approach through more effective use of information and communications technologies. More effective corporate discipline and adherence to good management standards would also improve the experience for customers.
81. The comhairle does not gather and analyse customer feedback systematically. Feedback from customers tends to be informal and there is no monitoring of customer satisfaction at the corporate level. The comhairle plans to introduce a Corporate Customer Satisfaction Survey as part of its Customer First strategy.
82. Complaints handling is monitored by departments and at the corporate level. In April 2005 the comhairle introduced a new complaints procedure with simplified guidance for staff and made a commitment to monitor complaints at management team and policy and resources committee. Monitoring reports are scheduled for the summer of 2006.
83. The comhairle is at the early stages of implementing a Customer Relationship Management (CRM) project and approved the project Business Plan and funding in 2005. The first stage of the plan is to establish a service access point in Stornoway and open a telephone customer contact centre by autumn 2006. The project aims to use existing comhairle offices to provide one-stop-shop facilities with access to the corporate CRM system. Services will be rolled out by providing contact points in each of the remaining sustainable community areas and via community internet access points. Implementation has so far been slow although the comhairle anticipates that the appointment of a customer services manager should speed up progress.



84. The comhairle recognises that service standards are at the developmental stage and that it needs to ensure it uses the opportunity presented by the CRM project to increase the coverage of such standards and performance monitoring, and to make sure that these standards are explicit to the public.
85. The comhairle has made a number of commitments to Electronic Service Delivery (ESD) and promoting flexibility of choice for the customer, but there has been a lack of progress to date. The website is fairly basic, there are limited online transactions and little is offered in terms of performance information and service standards. The Society of Information Technology Management (SOCITM) ranked the website as 'C' which means there is room for improvement on a range of factors including accessibility, completeness, coherence and online transactions. A survey of website usage showed that the Western Isles has the second highest visits per head of population among Scottish local authorities. Given the geography of the Western Isles we would expect ESD to be given more of a priority.
86. The comhairle has a Gaelic Policy that sets the objective of the Western Isles to be a fundamentally bilingual community in which Gaelic and English have equal validity as the languages of communication. Evidence of this can be seen in the way that the comhairle conducts its business bilingually in meetings and through bilingual publications and road signs. Telephone enquiries and visits to council facilities are dealt with in both languages and the comhairle supports those sections of the community who prefer to speak Gaelic.

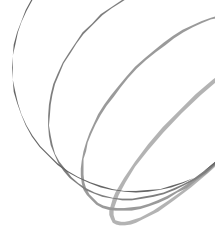
Use of resources

The comhairle has introduced effective arrangements to support the prioritisation of its capital spending programme. The comhairle now needs to do more to ensure that it is using its other resources efficiently and effectively to support its strategic priorities.

Managing people

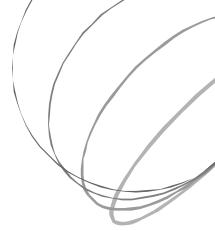
The comhairle does not have a corporate or systematic approach to human resource management. Workforce planning arrangements are limited and staff recruitment, development and communications arrangements vary greatly between service areas and locations. Succession planning is a major area of concern for the comhairle.

87. The comhairle had a workforce of 2,405 in June 2005 and has a high proportion of part-time workers compared to other councils; only around 50 per cent of its workforce are full-time compared to 80 per cent for Scotland as a whole.
88. The comhairle has difficulty in recruiting staff to some positions, especially for professions such as architects and engineers and teachers of some subjects. Staff turnover is generally low. The location of the Western Isles means that the comhairle has a small pool of candidates from which to recruit. Though the comhairle is continuing to grow its own staff in some areas, for example through



apprenticeships within the commercial operations unit and graduate work placements, more can be done to actively market the comhairle as an attractive place to develop a career in public services. Though jobs with the comhairle are regarded as secure and relatively well paid compared to other jobs on the Western Isles, the levels of remuneration compared to other local authorities are low and this can affect recruitment at senior levels.

89. The small scale of the workforce means both planned and unplanned absences at a senior level can result in difficulties for remaining members of teams, especially for those based outside the comhairle's headquarters. The comhairle's capacity to focus on improvement activity is also influenced by the pressures on staff with most expertise and experience. This means improvement activity is limited by the number of projects that can be taken on at any one time. Prioritising improvement projects and making more use of external expertise would assist in addressing these capacity issues and contribute to an increased pace of development.
90. The comhairle faces a major challenge in terms of succession planning. A number of key services in the comhairle depend on the skills and knowledge of a small number of individuals. There is a risk that the loss of key people could have a significant and detrimental effect on service delivery. The comhairle is aware of the key pressure points but it does not currently have a plan to tackle this issue.
91. The comhairle says that it has found it difficult to develop a more corporate approach to human resource planning because its resources are heavily focused on progressing the Single Status agreement. Despite this, Single Status work has been protracted and has not been used as an opportunity for services to review their workforce arrangements. At the time of audit, the evaluation had been completed, negotiations were taking place between the comhairle and the unions and a six per cent payroll budget provision had been made, though the comhairle's projections indicate that the cost might be more than double this. The Single Status project has been conducted with only limited involvement from service directors. This was a missed opportunity for a wider review of terms and conditions and for reviewing whether current roles were best aligned to strategic and service objectives.
92. The comhairle has established a single status steering group comprising members, officers and trade union representatives. To date the comhairle has not received any equal pay claims, however a more proactive approach would help to identify the potential cost of equal pay claims and where the opportunities are for more flexible working.
93. The comhairle is not doing enough to ensure that staff appraisal and development opportunities are carried out effectively. The process was last considered corporately in 2002, and the limited monitoring information available suggests that some services had not planned for all staff to receive an appraisal, and of those appraisals that had been planned, not all had taken place. Two services,



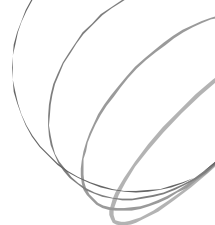
sustainable communities and social work, failed to report on progress at all. This area of risk was identified within the review of Corporate Governance in 2003, but there is no clear indication of where the responsibility lies for addressing this. When staff development is undertaken, employees have found that the time is not always made available to participate in training events.

94. Communication and consultation with staff varies between service areas and locations, and staff based further away from the headquarters in Stornoway perceive that they have to work hard to stay informed. The comhairle conducted focus groups with staff based in area offices in 2002 that identified staff concerns around poor communication, the lack of a cascade system and the scope for improving communication between departments. The comhairle has not yet carried out a follow-up exercise to assess progress and to see where further improvements could be made. The comhairle has not carried out a comprehensive staff survey and has no plans to do so.
95. Corporate Human Resource (HR) decision-making arrangements should be clarified as part of the current management review. The comhairle should consider the extent to which decisions can be devolved to managers. At present members are making decisions on detailed operational matters, such as requests from individual employees for variations in working hours or locations, and applications for unpaid leave. A review of the human resources decision-making process would allow members to shift the focus of their attention to more strategic HR issues such as workforce planning, skills and capacity, and management development.

Managing finance

The comhairle's financial stewardship and control is sound, but it could be more strategic in its management approach and needs to develop policy led budgeting.

96. The comhairle managed a revenue budget of £98 million during 2005/06 and had long-term borrowing of £182 million and short-term borrowing of £2.1 million as at 31 March 2005. The comhairle recognises that it has yet to adopt policy-led budgeting; budget setting has to date focused on incremental changes at the margins. There is also a general perception within the comhairle that the introduction of new initiatives or service development or improvements can only be done by obtaining additional money. The reality is that budget pressures require budget flexibility and responsiveness to ensure priorities are addressed. Links also need to be established with performance management so that elected members are informed as to what is achieved with the resources spent on each activity.
97. The comhairle recognises the need to develop its policy led budgeting arrangements to ensure that it is getting the most of the resources at its disposal. There is evidence that the comhairle is active in attracting external funding for projects and it has developed an effective options appraisal methodology for prioritising its capital projects.

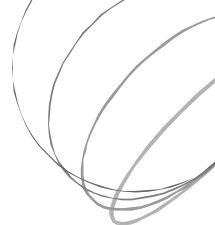


98. Capital projects are scored against an agreed set of criteria and this provides a framework to prioritise projects in an objective way. Members are central to this process and it is clear that the comhairle has found it very helpful. The comhairle has prioritised transport issues over recent years and it is currently focusing with its partners on developing the Western Isles as a centre for researching and providing renewable energy. Such an approach could also be applied in planning and managing other resources.
99. The comhairle needs to develop and implement an effective financial strategy to ensure that national priorities, local corporate objectives and service improvements are delivered. The comhairle has a three year budgeting model but this is not yet fully aligned to its corporate strategy and service plans. Some progress has been made in the 2006/07 planning process where the timetables for budgeting and service planning were aligned for the first time.
100. The comhairle's financial position was sound at 31 March 2005, although it faces a number of financial pressures including those arising from single status and the cost pressures associated with mainland placements for social work clients. The comhairle agreed a strategy for the use of reserves and balances in December 2005 and is committed to reviewing the position annually as part of the budget process. Effective systems for budgetary control and treasury management are in place, but there are a number of control weaknesses in key financial processes such as payroll, debtors and housing rents.
101. Financial information is reported to members quarterly at a summarised level, but there is scope to improve this to enable them to be properly involved in financial monitoring and decision-making. For example, only limited information was provided to members on the impact of financial pressures arising from mainland placements on the social work budget.
102. The comhairle has a lot of temporary initiative funding and has only recently begun to develop exit strategies for these. There is a belief that mainland initiatives are not always a good 'fit' for the Islands. In particular, housing seems to be reliant on additional funding from the Scottish Executive and technical services on external funding (ERDF) for transport developments.

Managing assets

The comhairle does not manage its assets in a strategic way. It is in the early stages of developing a corporate approach to asset management.

103. As at 31 March 2005, the comhairle's assets totalled £203 million. There is evidence of comhairle buildings being used for the benefit of the wider community; for example, Lionacleit School includes library, museum and leisure and catering facilities. However, the comhairle has yet to develop a strategic approach to asset management and assets are currently managed at the departmental level and are seen as the property of the committee/department rather than a corporate resource.



104. The comhairle does not have asset management plans for any of its assets except for schools, though it intends to address this through the recruitment of an asset management planning officer and further work by an Asset Management Planning group led by the director of technical services.
105. There are concerns within the comhairle that budget resources will not be sufficient to maintain the condition of its assets. The Schools Strategy does not include an assessment of the physical condition of schools, which is essential in influencing the PPP programme, and members have expressed concern that this information is not available. The limited market demand for property in the Islands has also affected the ability to attract a PPP partner.
106. Asset management needs to become a major part of the comhairle's strategic financial planning process since without it, best value in the stewardship of assets cannot be demonstrated.

Managing risk

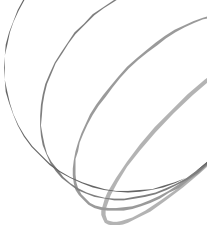
The comhairle has a developed risk management policy framework and guidance in place but more needs to be done to embed a culture of risk management throughout the organisation.

107. The comhairle has developed a strategic risk register and departments are in the process of updating operational risk registers. The risk management framework is well structured and has a systematic approach, SMART objectives and clear areas of responsibility.
108. A Strategic Risk Management Group is leading a programme to develop the comhairle's approach to risk management including business continuity planning, risk monitoring and the identification of training needs.

Managing information and communications technology

Despite the dispersed nature of comhairle's operations across the Western Isles, ICTs are not being used as a strategic resource within the authority to support service delivery.

109. The comhairle has identified the potential that information communications technology (ICT) offers its area, most notably through the *Connected Communities* broadband project. However, the comhairle has not invested in ICT over the years. The comhairle only approved its ICT strategy in March 2006 and its own analysis of SOCITIM benchmarking reports from 2004 shows that IT costs, as a percentage of total comhairle revenue, are only 0.78 per cent compared to 2.27 per cent nationally while annual IT cost per employee is only £605 compared to £2,368 nationally. The service points to a lack of staff resources which have led to a lack of progress on website development and pressures in supporting key application systems and PCs.
110. The comhairle's progress on electronic service delivery has been poor. For example, in the results published in January 2006, the delivery of information online was lower than any other council in Scotland and the progress on delivering both one and two way interaction and full online transaction



was also very limited. The comhairle has however established a resilient network and begun to standardise hardware and software where possible. It is also participating in the national e-Procurement project.

Procurement

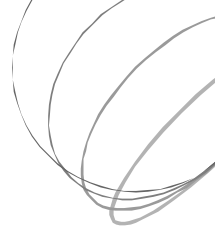
The comhairle's procurement arrangements are underdeveloped.

111. The comhairle recognises that its procurement decisions can have a significant impact on the local economy and it seeks to balance price with the wider economic effects of its decisions. The comhairle recognises the tension between procuring goods and services at the best price available with its objective of helping sustain the economy of the Western Isles. During 2004/05 the comhairle procured supplies, services and capital assets totalling approximately £43 million. The comhairle procures services in-house, from the private and voluntary sectors and in partnership with other public agencies.
112. To date, the comhairle has operated a limited centralised procurement function and departments largely undertake their own procurement. There is a perception that this has resulted in 'off contract' spend although there is a lack of management information to assess the significance of this. Regular reports on the arrangements for procurement are submitted to the CMT but these do not include volumes and costs as management information is not readily available. It is not clear that that procurement has been fully embraced as a corporate issue that involves all of the directors.
113. The comhairle has a procurement strategy, policy and procedures in place and it is currently participating in a national e-Procurement bid to the Scottish Executive, which aims to create a 'Centre of Excellence' and generate efficiency savings. Efficiency proposals submitted to the Policy and Resources Committee in February 2006 included £500,000 in potential savings. The comhairle intends to implement the initial phase of a shared e-Procurement system by the end of 2006.
114. There is some evidence of collaborative buying with other organisations, for example through the Authorities Buying Consortium and by using facilitated contracts for light vehicles. Some work has also been done to rationalise stocks and the procurement of vehicle spares and office supplies.

Competitiveness

The comhairle is able to demonstrate competitiveness in many of its former CCT activities but needs to demonstrate Best Value in a number of its current trading operations.

115. The comhairle operates a mixed economy of provision for services. It is keen to maintain a market presence to help regulate the market and not become over-dependent on private contractors, whilst still supporting the local economy.

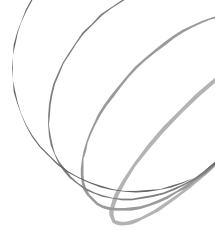


116. The comhairle has five Significant Trading Organisations (STOs): the Bus Operation, Highways, Refuse Collection, Building Maintenance and Fuel at Fishery Piers. These have a statutory financial objective to break even on a three-year basis. The Comhairle also has five other Trading Operations (TOs): Cleansing, School Catering, Other Catering, Garage, and Burial Grounds.
117. All of the activities making up the STOs have been competitively tendered since 2000 except for Street Lighting, which will form part of the Highways STO from 2006, and Fuel at Fishery Piers, which only commenced in 2005. Several of the activities, in particular the Bus Operation and Roads and Winter Maintenance have been split geographically and awarded to a combination of inhouse and external contractors.
118. The Bus Operation made a loss in 2005/06 and as a result failed to meet its statutory objective to break even over the three-year period. Fuel at Fishery Piers is only in its second year of operation and so will not be assessed against the statutory objective but has also been experiencing difficulties. The comhairle is aware of these problems. It plans to carry out a best value review of the Bus Operation in 2007 and started to receive monthly financial statements from March 2006. A range of recovery options, including a franchising option, for Fuel at Fishery Piers are also being considered.
119. The performance of the trading operations is scrutinised by the Commercial Operations Board on a quarterly basis. The quality of the information in the financial monitoring reports submitted to the board varies and reports on building cleaning, school catering and other catering were much less detailed than those on cleansing and burial grounds.
120. Trading operations are anticipated to break even in 2005/06. School catering showed a deficit of £61,000 at 31 December 2005, although a small surplus was projected as at the year-end. This contract exceeds the comhairle's threshold above which trading operations are considered 'significant' and therefore is required to meet the statutory financial objective to breakeven.

Equal opportunities

The comhairle has made policy commitments to equalities but is unable to demonstrate progress.

121. The comhairle's commitment to providing equality of opportunity is reflected in its key strategies. A comprehensive *Equality of Treatment and Access* policy approved in February 2004 and its updated *Race Equality Scheme* guide its approach. However, despite such policy commitments, equal opportunities issues are not yet mainstreamed across the comhairle or integrated into its planning and development of services. For example, equal opportunities are not clearly integrated within the comhairle's business planning processes and performance management arrangements or clearly considered within reviews, despite being part of the best value review toolkit.

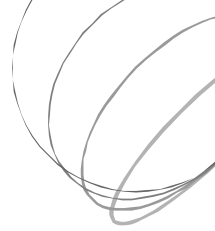


122. The comhairle has agreed a Race Equality Strategy which, as required by legislation, identifies the wide range of services it delivers that are relevant to its race equality duty. However, the comhairle is unable to demonstrate whether it is delivering race equality, as it does not monitor the impact of any of its services, with monitoring arrangements restricted to staff recruitment. The comhairle is in the lowest SPI quartile for the percentage of women employees who are among the highest earners, though low staff turnover will influence this measure to a degree.
123. The comhairle has also made little progress in making its buildings accessible to disabled people. This is a requirement of its duties under the Disability Discrimination Act, and it is in the lowest quartile of Scottish councils for the Statutory Performance Indicator covering this issue. It has, however, created a small-scale capital grant scheme for making physical amendments to non-comhairle buildings to facilitate better access for disabled people.
124. At present, as the comhairle is not able to clearly measure achievements against its equal opportunities objectives, it is unable to demonstrate positive outcomes for its residents or compliance with its legislative duties. In order to be clear on any progress it is making in tackling equalities issues, and to make appropriate responses. The comhairle needs to be much more systematic in identifying, collecting, monitoring and reporting on relevant information. This is particularly important for the comhairle in meeting its statutory duty to monitor services by ethnic group and demonstrate progress against its general duty for race equality.

Sustainable development

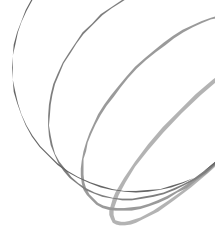
The comhairle's commitment to sustainable development is evident in its strategic planning and it is mainstreaming sustainability issues.

125. The comhairle's commitment to sustainable development is evident in its plans and strategies and it is aware of the importance of tackling social, economic and environmental challenges. Although wind farm proposals dominate its sustainable development agenda at present, the comhairle needs to make improvements in other areas, including recycling and energy management. It also needs to develop its approach to measuring its impact on its sustainability themes.
126. Sustainable development is a critical issue for the Western Isles and the comhairle. In addition to the need to protect the local environment, the Western Isles is facing considerable challenges to the sustainability of its economy and its communities brought about by the declining population and the reliance of the economy on the public sector.
127. The comhairle has made progress in raising the profile of sustainable development and mainstreaming it within its work. This has included the establishment of a Quality of Life Officer Working Group, which has developed a useful sustainability checklist for use in the assessment of revenue and capital projects. The checklist has been piloted on a small number of projects, including



the Customer Relationship Management and South Uist Care Development projects. There is scope for the comhairle to improve the mainstreaming of sustainability within its work by extending the use of this checklist to other key areas such as policy development and service reviews.

128. The working group has also sponsored work in waste reduction and energy use and developed a range of sustainability performance measures. These represent a significant step forward in helping the comhairle objectively measure whether services are being provided in a sustainable way, although at the time of our audit the comhairle had not yet agreed the measures or started to monitor its performance against them.
129. The comhairle is committed to renewable energy and has approved, in principle, the development of the largest wind farm in the UK. The intention is to become a net exporter of energy and to derive a significant revenue benefit for the Western Isles. Progress will be subject to a decision from the Scottish Executive. If the projects go ahead the comhairle has agreed that a share of the revenues will be used to support other projects that support the sustainability of the islands and has established the Western Isles Development Trust to distribute these funds.
130. The comhairle's commitment to more efficient energy use is shown in its Energy and Water Management Policy, which was developed in December 2005. The policy is relatively new and there is no data available at present to monitor progress, but objectives are clearly laid out which have identified measures of success.
131. During 2004/05, the comhairle recycled only around 7.4 per cent of waste collected, one of the lowest levels in Scotland (though the accuracy of this is in question as the SPI data was assessed as being unreliable.) Its recycling rate, which had not improved significantly from the previous year, was less than half the national average of 17.6 per cent and was a long way short of the Scottish Executive waste recycling target of 25 per cent by 2006. The major factor influencing the comhairle's performance and lack of improvement is the lack of recycling facilities in its area. It is currently in the process of developing a new recycling facility, which it predicts will improve its performance during 2006/07 and help it meet the national targets.



Part 3: Is the comhairle delivering better public services?

The absence of a robust, well-developed performance management framework means that the comhairle is unable to demonstrate the efficiency and effectiveness of its service delivery in many areas.

Where performance information is available, the picture is mixed. Educational attainment is good, but falling school rolls and population projections means that the schools estate must be addressed. The performance in other services is generally not improving at a rate that would keep pace with most authorities and the comhairle lacks a clear strategy for how it will improve service performance.

Service performance

132. Audit Scotland publishes a set of 79 SPIs for each Scottish local authority. These do not give a comprehensive picture of performance across all services, but they do allow some comparisons to be made between councils and over time ([Exhibit 4](#)).
133. Care needs to be taken when interpreting the SPIs for smaller and island local authorities. Percentage measures can be greatly influenced by small absolute values. For example, the comhairle ranks first for the proportion of traffic light repairs completed within 48 hours, but it had only 13 repairs to complete in 2004/05, the second lowest number of all Scottish councils. The comhairle also performs poorly in some areas where small numbers might reasonably be expected to be an advantage, for example only one of the comhairle's 20 buildings is considered accessible to disabled people.
134. Fourteen measures have declined by five per cent or more since 2002/03, and 11 measures have improved by five per cent or more. This 0.79 ratio of improvement to decline is worse than the Scottish average of 1.18. In 2004/05, Comhairle nan Eilean Siar had 21 indicators in the top performing eight councils in Scotland and 16 indicators in the bottom quartile.
135. Eleven of the SPIs reported in 2004/05 were deemed unreliable due to data collection difficulties associated with inadequate systems or clerical error. In 2003/04, four SPIs were classified as unreliable. The comhairle must take action to address this as a matter of urgency, particularly in the absence of other performance measures.

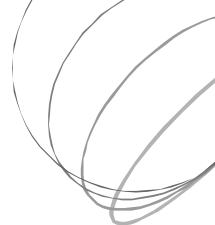


Exhibit 4

SPIs 2004/05: Number in each quartile by service area

	Upper quartile	Middle quartiles	Lower quartile	Unreliable	No service	Failed to report
Adult Social Work	7	2	1	5	0	0
Benefits Administration	0	1	1	1	0	0
Children's Services	4	1	3	0	1	0
Corporate Management	5	2	4	0	0	0
Cultural & Community Services	1	1	3	1	0	3
Development Services	0	5	1	0	0	0
Housing	1	5	0	1	0	0
Protective Services	1	4	1	0	2	0
Roads & Lighting	1	2	1	1	0	0
Waste Management	1	2	1	2	0	0
Total:	21	25	16	11	3	3
Percentage	27%	32%	20%	14%	4%	4%

SPIs: Performance change between 2002/03 and 2004/05

	Measures that worsened by...			Measures that improved by....		
	>15%	10-14%	5-9%	>15%	10-14%	5-9%
Scotland average	6	2	4	9	2	3
Eilean Siar	5	6	3	7	3	1

Source: Audit Scotland

136. The percentage of measures in the lowest quartile has decreased since 2002/03 but the number of unreliable measures/failures to report has increased. The percentage of measures now in the upper quartile is roughly the same as 2002/03 despite an upward trend in 2003/04 ([Exhibit 5](#)).

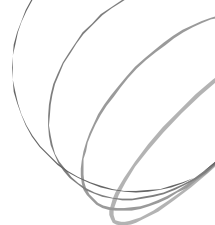
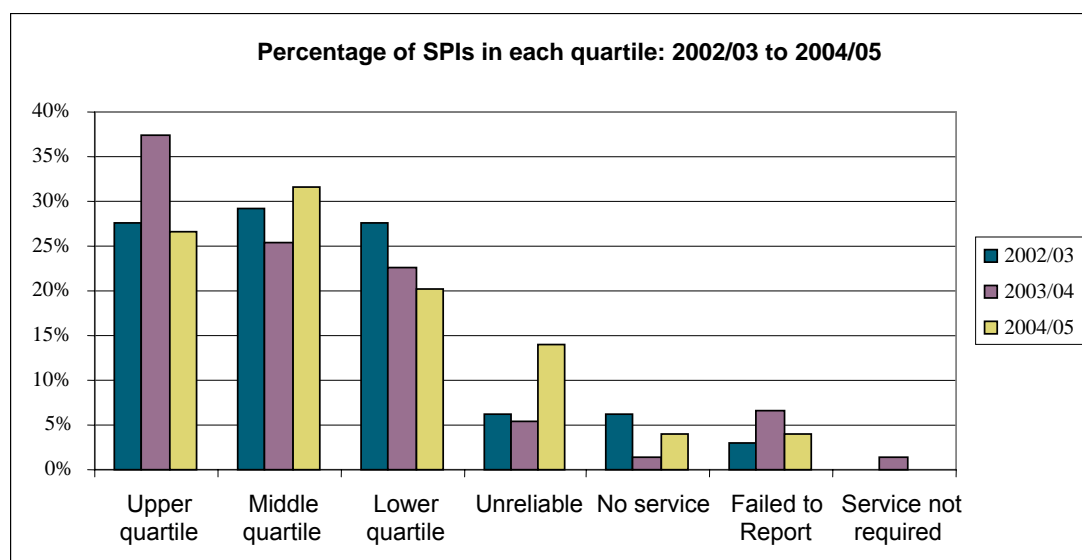


Exhibit 5

SPIs 2002/03-2004/05



Source: Audit Scotland

137. We used a risk-based approach to select the service departments for audit activity. We focused on services which have a direct role in delivering the council's priorities; which are performing particularly well or poorly in the view of the council's self assessment; which have a high level of expenditure; and which provide services to the council's most vulnerable citizens. The areas selected for more detailed examination were: education services, social work services and sustaining communities, including transport and housing.

Education

The educational attainment of the pupils in the Western Isles is generally well above the Scottish average but declining school rolls and a predicted population decline mean that the comhairle must make quicker progress on improving and re-aligning its schools estate.

138. The education department has 660 full time equivalent employees (FTE) and a revenue budget of £42 million in 2005/06. Population projections forecast that by 2024 there will be a 31 per cent decrease in the 0-15 age group.

139. Attainment across school years is generally well above the Scottish average ([Exhibit 6](#)), but performance at S1 and advanced higher is not so good.

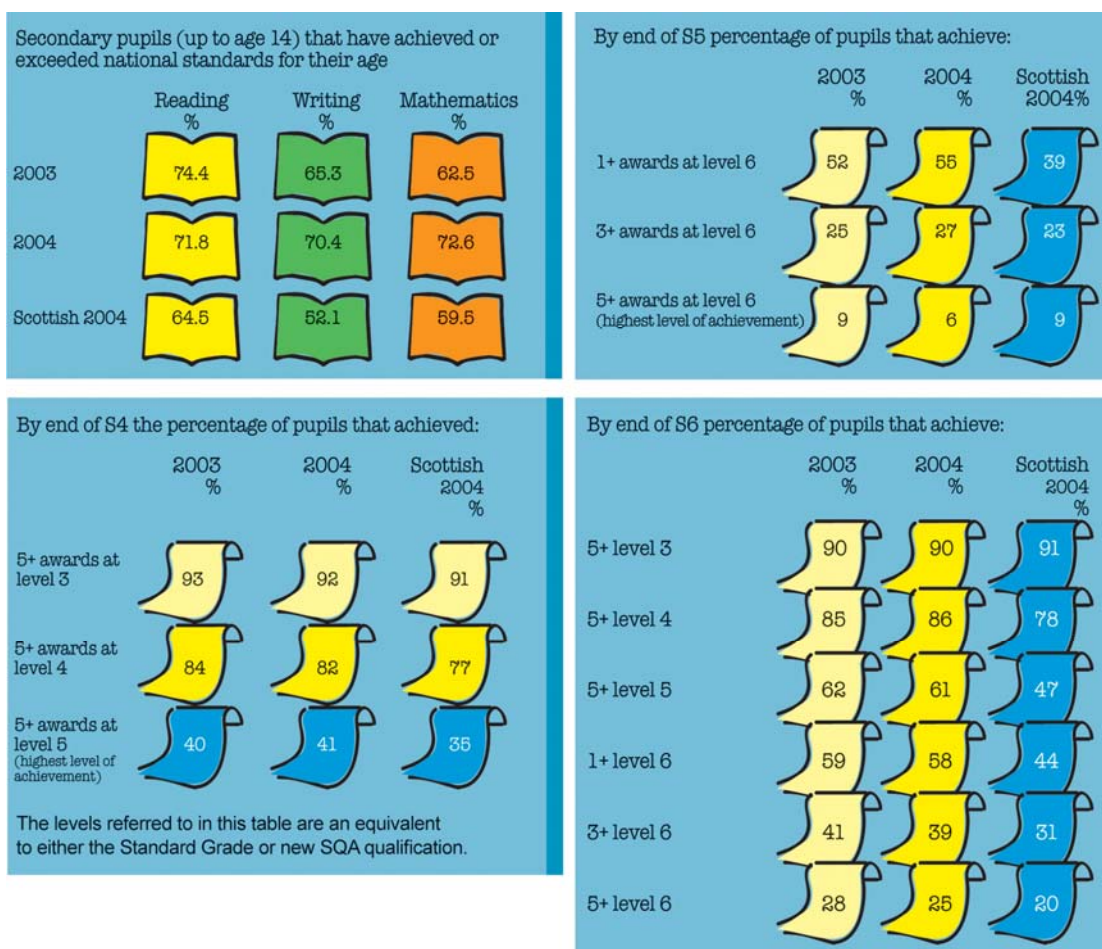
140. The overall levels of attainment in primary schools have improved, following a decline in 2002 and the levels in reading and mathematics were above national levels in 2004. At S1/S2, performance in reading, writing and mathematics had improved to well above national levels at level E or above in

2004. The rate of improvement on mathematics in primary schools and in S1/S2 was well above the national rate.

141. Over the last three years, patterns in pupils' attainment in National Qualifications had been variable, but the latest results showed attainment to be either in line with or well above the Scottish average. There has been a drop in performance in some categories over the past three years, including 5+ awards at level 6 or better and 1+ award at level 7 or better.

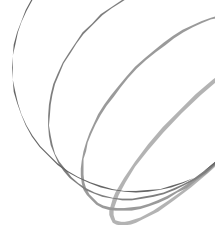
Exhibit 6

Educational attainment



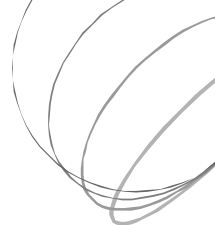
Source: Comhairle nan Eilean Siar Annual Performance Report 2004/05

142. The comhairle is one of only two authorities with some schools providing education from P1 through to S2. It commissioned an independent review which, amongst other findings, identified inequalities of opportunity for S1/S2 pupils in these schools in terms of curriculum opportunities and facilities. Progress in addressing these issues has been slow. The education and children's services committee considered the report in December 2004 and decided to hold a members' seminar. The seminar recommended a member officer working group (MOWG) be established, but this was not set

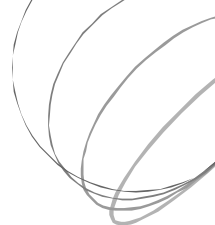


up until June 2005. In February 2006 the MOWG was consulting with head teachers and school boards but there was no time-frame for the completion of the work of the group.

143. The comhairle faces major challenges if population projections hold and there is a 31 per cent decrease in the 0-15 age group by 2024. There are concerns within the comhairle about the sustainability of current spending on education and the opportunities for pupils' learning and social development.
144. The comhairle has stated that the cost of education provision in the Western Isles should not constrain the number of schools. The comhairle has made some progress over the past 14 years in tackling under-occupancy in classes through a programme of school rationalisation. The number of primary schools has reduced from 57 to 39 and the number of secondary schools from 16 to 11, but progress has slowed in recent years.
145. Compared to similar rural authorities the comhairle still has the highest proportion of under occupied schools with 77 per cent of primary schools filling less than 40 per cent of the available places. Dealing with under occupancy in the primary school sector has not been an easy process and it is evident that tensions still exist, eight years on from the rejection of proposals that aimed to address this issue. The proposal in 1997 for a phased move to area schools was developed in collaboration with elected members, but it was rejected by the Education Committee in favour of a motion that schools could not be closed without the consent of the community involved. This remained comhairle policy until 2003.
146. The comhairle is developing PPP arrangements to improve its schools estate and the success of this will impact on its ability to move forward with the area model for schools. The PPP proposal develops two of the area schools, with the remaining funding being earmarked for refurbishment of the existing school estate.
147. Her Majesty's Inspectorate of Education (HMIE) inspected the education service in January 2003, and identified a number of areas for improvement. This led to two further reports in March 2004 and October 2005 and we have therefore drawn from these in our audit work.
148. The inspection of an Education Authority by HM Inspectorate of Education (HMIE) assesses quality in terms of 'Very Good', 'Good', 'Fair' or 'Unsatisfactory' across eleven indicators. In 2003, HMIE judged the department as having 'Good' arrangements in three areas; *consultation, service planning and continuous improvement in performance*. Eight areas were considered to be 'Fair'; *vision, values and aims, the effectiveness of leadership and management, policy development, the mechanism for communication, the deployment and effectiveness of centrally-deployed staff, resource management, financial management and measuring, monitoring and evaluating performance*.



149. The education department has improved its strategic direction in recent years. The first HMIE inspection found that senior management spent too much time on operational activities at the expense of strategic matters. The follow-up report found that overall, the quality of strategic leadership and management had improved significantly and that departmental restructuring had resulted in a greater clarity in the roles, remits and responsibilities of centrally-deployed staff. The service had also introduced a more robust quality assurance and performance framework. Overall, the HMIE found that the comhairle had demonstrated a clear commitment to improving the quality of its support and challenge for schools, but that more could be done in consolidating these improvements and ensuring they are implemented consistently across all schools and services.
150. The comhairle still needs to determine how it will deliver an integrated range of children services. Work in this area has been protracted, in recent years the matter has variously been considered by a MOWG, a best value review of Integrated Children's Service Plan, an Integrated Children's Service paper agreed by committee in June 2005 and it is now being considered as part of the chief executive's root and branch review.
151. An alternative curriculum project, jointly funded by the education and social work departments and supported by the health service and police, has been working with some of the authority's most challenging pupils who were at risk of requiring mainland placements. Older pupils on the project have achieved success on courses at Lews Castle College while others have gained employment, and parents have been positive about the impact of the scheme on their children.
152. The education service in the Western Isles offers children the opportunity to be taught in the Gaelic language. Gaelic medium education is a principal component of the comhairle's Gaelic policy and during the first two years of primary education the service aims to deliver the curriculum in Gaelic. In the following years English is introduced incrementally and by primary 7 the aim is for children to have equal facility in English and Gaelic. This is not confined to Gaelic speakers and seeks to develop the ability of all pupils and students to be confidently bilingual. The comhairle offers Gaelic medium education in 25 of its 40 schools. In schools with Gaelic medium units, the percentage of pupils opting for Gaelic medium education had increased during 2004 to 2005, from about a third to just under half of the pupil population. The comhairle has a long-term aim that teachers in charge of primary classes should be Gaelic speakers and, in addition to developing Gaelic language skills in school children, community education also runs classes for the wider community.



Social work

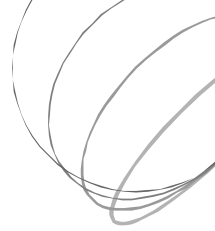
Though expenditure on social work services has risen significantly in recent years, the comhairle is unable to demonstrate to service users or elected members that this has led to improvements across its range of services.

153. The social work department has both generic and specialist teams. Specialist teams are based in Lewis and Harris and a generic team covers the Uists, Benbecula and Barra. The department had 435 FTE employees and a revenue budget of £13.2 million in 2005/06.
154. The service has received a high level of external scrutiny and support in recent months including a Social Work Inspection Agency (SWIA) investigation into child protection services, an audit on learning disability services, and engagement with the Joint Improvement Team to support developments in working with health. We have drawn from this work to inform our audit. The SWIA has been conducting an in depth review of the performance of the social work and criminal justice services in the spring of 2006 and it plans to report later in the year.
155. Expenditure on social work services increased from £9 million to £13.6 million in five years between 1999 and 2004 but limited performance management information means that the service is unable to demonstrate how services have improved as a result. Currently the service relies on SPIs and informal feedback from elected members and clients to measure performance.
156. The service has a history of overspends, often related to mainland placements and intensive support arrangements. A ring-fenced fund under the control of the chief executive is being established to manage the impact of these cases on the budget.
157. The comhairle and its partners are developing plans that will change the structure of social work services in the Western Isles. If implemented, criminal justice services will be delivered as part of the North Scotland Community Justice Authority, and the delivery of community care services will also change as the plans to develop Community Health and Social Care Partnerships progress.

Residential and home care

Performance in residential and home care is generally good but workforce management issues need to be addressed to ensure this performance can be sustained.

158. The SPIs show good performance in home care for the elderly, with high levels of provision for intensive support at home. The service had SPIs in the top quartile for 2004/05 for a number of activities:
 - The percentage of qualified staff working in care homes (66 out of 113 staff).
 - The percentage of residential care homes places for older people which have single rooms (all 167 places).

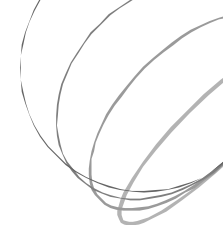


- The percentage residential care places for other adults which have single rooms and en suite facilities (all 16 places).
 - The hours of home care provided to people aged 65 and over and the number of clients receiving care in evenings or overnight.
159. The service is also starting to deliver more care in the evenings, overnight and at the weekends, and some areas of the Western Isles are now covered by a mobile overnight home care service.
160. There are however a number of areas for improvement. Glasgow University was commissioned by the department to review home care services and reported in January 2005. The report found that the service was performing well but made several recommendations, particularly concerning the home care workforce. Staff do not currently have guaranteed hours and turnover is high, with staff choosing alternative employment with a guaranteed income. The department is currently piloting a scheme which aims to resolve this issue.
161. Home carers have also been working under limited line management direction for some time. Home care coordinator posts have been introduced, and it is important that the supervisory arrangements for home carers ensure that they receive appraisals and development opportunities. There is clearly an appetite from home carers for more opportunities to share learning and good practice and the joint project with the health board on workforce development, though at an early stage, should be useful to meet this need.
162. Following comparative analysis with other social work services, the comhairle's Finance Working Group has reviewed home care expenditure to bring provision more in line with other councils in Scotland. While identifying efficiencies is of course necessary it is important the comhairle monitors its ability to respond to the demand from the increasing elderly population in the Western Isles.

Children and families

Children and family social work services were criticised in a recent SWIA report relating to a high profile child abuse case. Its recommendations are being implemented and there are some signs of improvement.

163. In 2005, the SWIA published a report on the role of the comhairle and other agencies in a child protection case. The report concluded that the children from one of the families had experienced severe and prolonged abuse; that social work practitioners and managers should have acted sooner to protect the children; and that some of the decisions made were seriously flawed. The report also concluded that health professionals failed to respond appropriately to the potential child protection issues raised by the children's health problems and distress, and that the Health Board did not have the systems in place to support health professionals in protecting the children.



164. The service has taken steps to address the report's recommendations, for example by establishing a principal officer post covering standards, but it has not yet agreed how to ensure access to the range of expertise required for complex cases. The report recognised that this would be difficult for an area like the Western Isles. The establishment of a Scotland wide resource for advice on complex cases has been discussed for some time but there is no clear indication that it will be introduced, and the comhairle needs to establish how else it can access specialist expertise when required.

Criminal justice

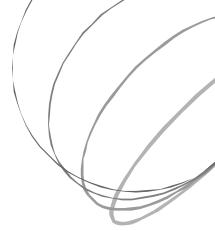
165. In 2002/03 and 2003/04 criminal justice service SPIs were among the best in Scotland. However, in 2004/05 the indicators were classed as unreliable and in the absence of other local indicators it is not possible for the comhairle to accurately assess its own performance in this area. There is a commitment through the new Community Justice Authority for the area, to develop appropriate local measures and the comhairle must address this serious lack of performance management as a matter of urgency.

Sustaining communities

Sustaining local communities and ensuring their future well-being is an important priority for the comhairle, and it addresses this across a variety of service areas.

166. The sustainable communities department delivers a wide and diverse range of services including: planning and building control, waste services, environmental health and trading standards, economic development, arts and leisure and community education and development. The department comprises 282 staff and had a revenue budget of £8.6 million in 2005/06.

167. During 2005/06 the service faced a number of significant challenges, in particular handling the two largest planning applications for wind farm developments in Britain, the implementation of a waste strategy, the development of three major sports facilities, the development of a regional arts centre in association with the arts council and a community company, the expansion of support for private sector housing, and the establishment of the Consumer Direct Call Centre in the Western Isles. This has affected the performance of some core services, including environmental services and development control. Many of these services are provided unevenly across the islands and fail to perform well against national targets. The key areas of concern are the variability of community support across the Western Isles, the lack of infrastructure and services to separate waste, particularly civic amenity waste, and health promotion services.



Environmental services

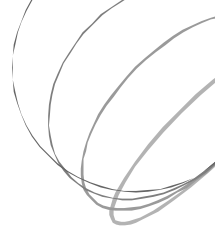
The comhairle's performance on environmental services, as evidenced by the SPIs, is poor in comparison with other Scottish councils. The comhairle expects that the implementation of its Waste Strategy will lead to significant improvements in 2006/07.

168. Refuse collection costs and refuse disposal costs during 2004/05 were above the Scottish average, although collection costs compared more favourably with the other Islands councils.
169. The comhairle's performance on recycling is unclear as the SPI was assessed as unreliable. The waste service predicts that its performance for 2005/06 will show little improvement, but is confident that the recycling facilities currently being developed will result in quick and substantial improvement once completed. In an update report to the community planning partnership in March 2006 the comhairle reported that it had made progress on the Western Isles Waste Strategy. The network of recycling collection points in rural areas has been expanded, a kerbside collection service for glass, plastic, cans and paper has been developed for the Stornoway area, and a range of waste prevention, community education and awareness initiatives is being established. An integrated anaerobic digestion and composting system is being built and the comhairle predicts that a total of 158,000 tonnes of bio-degradable municipal waste and 44,000 tonnes of recyclables will have been diverted from landfill by 2020.

Regulatory services

The performance of regulatory services is mixed. There is good performance on food hygiene inspections, but poor performance in dealing with planning applications for householders, although dealing with major planning applications has had an impact.

170. The comhairle demonstrated very good performance on food hygiene inspections, carrying out 100 per cent of inspections of premises in the highest risk category within six months. Within the lower risk category it carried out 96.8 per cent of inspections on time compared with a national average of 95.7 per cent.
171. There is national planning guidance that includes targets for dealing with planning applications, though currently very few councils meet these targets. The target time for dealing with all planning applications is 80 per cent within two months and for 90 per cent of householder applications to be dealt with within two months. The comhairle failed to achieve the national standards, dealing with only 66.4 per cent of householder applications within two months. Its performance is not only below the Scottish average of 78.3 per cent but also considerably lower than the 86.6 per cent achieved in the previous year. However, the service has faced significant challenges, in particular dealing with the wind farm applications, and this has affected performance. The team's performance on non-householder planning applications is better, with 68.4 per cent of non-household applications dealt with within two months, against the Scottish average of 46.3 per cent.



Sport and leisure services

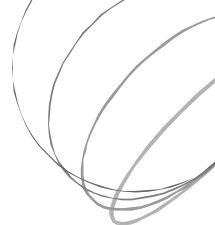
The available evidence about sport and leisure services suggests performance at or below the national average. Results in 2004/05 were influenced by exceptional circumstances and performance is improving.

172. Attendance levels at pools and other indoor leisure facilities was amongst the lowest in Scotland per head of population in 2004/05 and declined by three per cent and 13 per cent respectively compared to the previous year. However, a number of factors have influenced these figures. The comhairle closed the old sports centre in Stornoway in November 2004 and opened the new sports centre on a phased basis between November 2004 and January 2005. In addition, this facility does not open on Sundays. The severe storms experienced in January 2005 destroyed the swimming pool in Daliburgh and resulted in the Benbecula sports facility being closed for four weeks. The early indications are that performance is getting better and the comhairle expects significant further improvements in 2005/06.
173. The comhairle is unable to report on how many individual borrowers use its libraries within the SPI definitions, a situation that has persisted for a considerable number of years. The service does have membership and learning centre user records for its seven branches and three mobile services but no effective monitoring systems for borrowing. Procedures must be set up to enable the comhairle to manage this fundamental aspect of library performance as well as other activities service-wide. This lack of basic management information prevents it from improving services and must be addressed to ensure that the requirements of users and the statutory duties of best value are met.

Economic development

The economic development service works well with partner organisations and has clear business plan targets.

174. The economic development function is important in contributing to the comhairle's objectives for sustaining communities and the economy. The service works well with partners, particularly Western Isles Enterprise (WIE). The two organisations have worked together to ensure that there is very little duplication of services, with the comhairle setting the policy framework and agenda, and WIE concentrating on strategic projects and providing capital resources (often with contributions from other partners including the comhairle). The comhairle has provided business support and some revenue and start up funding for smaller businesses.
175. The service operates at a number of levels. At the strategic level, for example. It has driven the *Creating Communities of the Future* agenda, and at an individualised level it supports local businesses, with business advice and training and through a loan guarantee scheme operated in conjunction with the Royal Bank of Scotland. In an area like the Western Isles the business support and signposting of services offered by the comhairle and its partners has the potential to make a significant impact on the economy of local communities.



176. The service has clear targets in its business plan for the number of businesses it aims to support through the various schemes and services, but like other services, it recognises that it needs to do more to demonstrate the wider impact of its activity.

Transportation

Transportation in the Western Isles has improved greatly over the years from an extremely low starting point.

177. Transportation is a key issue for the Western Isles because of its geography. Since the 1970s transport has been one of the main policy areas for the comhairle and the current transport network evidences the commitment and efforts that have gone into this by the comhairle and its partners.

178. There have been great improvements in transportation links both to and from and within the Western Isles. These improvements are not down to the comhairle alone, but it is clear that with partnership working and both external and internal funding, people can now get to, and move around the Western Isles much more easily than they could in years gone by.

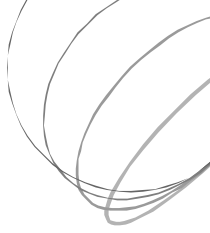
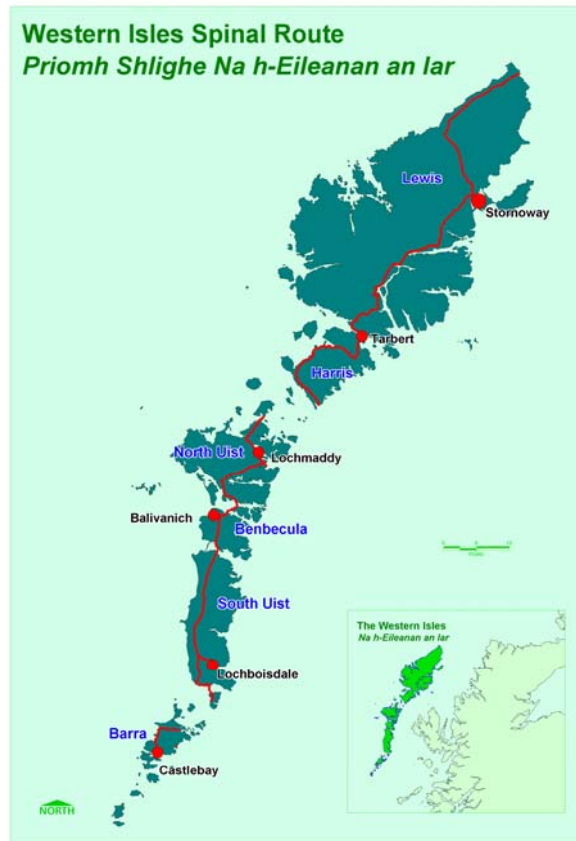


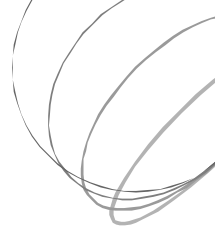
Exhibit 7

The Western Isles spinal route



Source: Comhairle nan Eilean Siar website

179. The comhairle works in partnership with the Highlands and Islands Strategic Transport Partnership (HITRANS) to progress its transportation priorities and has improved the Barra ferry infrastructure, the spinal route on the isle of Harris, the facilities in Lochmaddy Pier and by providing better public transport information provision.
180. Air flights now operate in and out of the Western Isles seven days a week and it is also possible to access the Western Isles and travel between the Islands seven days a week by ferry. Travel within the Western Isles has also improved over the years through the development of the Scalpay bridge and the causeways at; Berneray, Eriskay, Loch Bee, South Ford and Vatersay as well as numerous other smaller causeways. The comhairle also operates 48 piers, harbours and slipways.
181. The comhairle has put great efforts into the coordination of the public transport system, which operates through a variety of routes serviced by a combination of the comhairle and private contractors. Over £150 million has also gone into the transport infrastructure since the late 1970s.

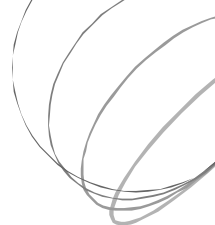


182. Though significant progress has been made the comhairle recognises that there is still much to be done to improve transportation services, and a number of development initiatives are identified in the 2006/07 business plans. These include improvements to asset and risk management, performance management, project management and customer service arrangements, and an increased emphasis on planned maintenance.

Housing

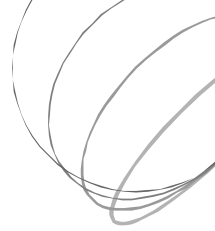
The standard of housing has improved and progress has been made in reducing fuel poverty, though there is still some way to go. The housing stock transfer process has diverted resources from improvement activity and service performance has declined on rent collection and managing empty property.

183. The comhairle is in the process of transferring its housing stock to the new Hebridean Housing Partnership (HHP). It will then relinquish its housing management function but retain its strategic role in meeting the overall housing needs of the Isles. Over 75 per cent of island land is in crofting tenure, and this has shaped the housing circumstances and living arrangements of many islanders.
184. The Western Isles faces many challenges around housing. Seven per cent of the islands' total housing stock 969 properties, are permanently unoccupied. The proportion of houses below tolerable standard is still much higher than the national average, despite good progress where the comhairle has cut the number of properties in this condition by half since 2001. The waiting lists for affordable housing are growing; the list stood at 1,041 in August 2005 having risen from 920 in March 2005 and 750 in March 2004.
185. The number of households experiencing fuel poverty is on a downward trend due to increased activity around the Scottish Executive's Warm Deal and Central Heating Programmes and improvement grants, although rising fuel prices in the last two years may slow the rate of improvement.
186. The SPIs show that the comhairle is improving its performance in moving people on from homelessness but the time it takes to provide housing to those who present as homeless is increasing.
187. The comhairle's performance on reducing rent arrears has deteriorated over a number of years. During the period 31 March 2004 to 31 March 2005 current tenant rent arrears increased by 26 per cent, and the department had difficulty providing reliable data for 2004/05 on the amount of rent lost due to voids.
188. The comhairle is at the later stages of housing stock transfer. In October 2005 over two thirds of the tenants who voted supported stock transfer. The comhairle had hoped that the transfer would go



through by March, but it has now been put back to September 2006 because of legal complications and difficulties in finalising the business plan.

189. The long-term governance of the comhairle's strategic housing function is still to be determined. In the short-term the Housing Committee will continue in its present format. It is expected that political governance arrangements will be determined once the chief executive's review of the comhairle structure is completed. The service has laid out strategic actions in its business plans to support marginal communities through the provision of self build grants, particularly in the Uists and Harris, and by piloting a community led housing planning approach. The comhairle needs to ensure that, although its housing management function is moving to the new partnership, it is still in a position to assess performance against the housing strategy.
190. At the operational level, the comhairle needs to give more consideration to how customer queries will be dealt with between the comhairle and the new housing partnership. Historically housing staff have played a key role in signposting tenants through to other comhairle services. Enquiries related to housing matters are the highest proportion of customer contact within some area offices and care must be taken to ensure that residents do not experience a reduction in customer service under the new arrangements.



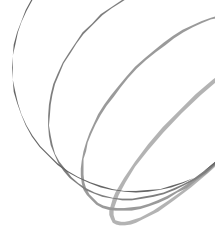
Part 4: What needs to improve?

Comhairle nan Eilean Siar faces many challenges but it has vision and an ambitious agenda supported by energetic members, officers and partners. It is not clear that resources are being channelled to best effect and a number of key systems and processes are under developed.

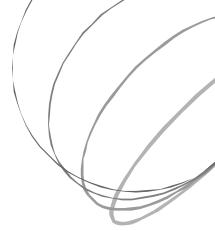
The comhairle needs to invest in strengthening its arrangements for Best Value and Community Planning to ensure that it is in the best position to achieve its objectives and to deliver the outcomes that it wants for the Western Isles.

Developing an improvement culture

191. Continuous improvement in public services and local governance lie at the heart of the Best Value and Community Planning policy framework. Local authorities must develop an improvement culture across all service areas. 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.
192. Comhairle nan Eilean Siar faces challenges as a result of its context and scale, but it has demonstrated over the years that improvements can be made when there is a sustained focus on priority objectives. The comhairle now needs to do more to ensure that management systems are in place to support its ability to deliver on these priorities as many of these have not been developed in line with best value.
193. Elected members, senior officers and partners of the council have provided leadership on the strategic objectives of the comhairle but greater corporate discipline is required to ensure that the component parts of the organisation are working effectively together and with others to achieve these objectives.
194. Comhairle nan Eilean Siar has not invested sufficiently in putting in place good management arrangements and systems which are clearly understood by elected members, officers, partners and other stakeholders, as a means of driving improvement through all of the comhairle's activities in a systematic way. Most significantly the absence of rigorous performance management arrangements means that the comhairle is unable to identify where improvement is most needed and to assess whether resources are being used effectively. Despite this a number of the other foundations of Best Value – strategic leadership, vision and sound financial stewardship – are in place, which could provide a platform for future improvements.



195. The comhairle needs to improve its performance in a number of services that affect some of the most vulnerable groups within the communities it serves. It is essential that elected members and senior officers prioritise their responsibilities for scrutinising and improving the council's performance in these services. In doing this, the comhairle should seek to further improve the management information provided to both elected members and officers. Like many other councils, the comhairle also needs to develop its public performance reporting arrangements to ensure that the public gets balanced information in a range of accessible formats to enable judgements to be formed about the comhairle's performance.
196. The comhairle has made some initial progress in developing its management arrangements but there are a number of aspects which require serious attention, including:
- developing a robust performance management system and culture
 - developing systematic community consultation mechanisms for the council and its partners
 - developing policy led budgeting to ensure that its resources are being directed towards priority areas
 - developing arrangements for customer service and care
 - improving many aspects of workforce planning and staff management and development, asset management planning and the prioritisation and use of ICT
 - reviewing the political and managerial structures and implementing agreed recommendations
 - developing and embedding the arrangements for departmental business planning and risk management.
197. The improvement agenda sets out a number of high and medium priority actions designed to help focus the comhairle on areas for improvement. They are intended to assist the comhairle in identifying those areas where it should focus its initial investment. This improvement plan is designed to build on foundations where these already exists and will provide the basis for review and monitoring by the comhairle's external auditor over the coming three years.



Improvement agenda for Comhairle nan Eilean Siar

High priority

- Develop performance management arrangements which ensure that the comhairle is achieving its objectives and improving services to customers.
- Provide a forum for members to develop strategic policy to create a better balance between policy setting and operational monitoring.
- Consider how more systematic consultation methods can provide good quality information on priorities and performance to supplement the existing consultation and engagement arrangements.
- Develop policy-led budgeting to ensure that resources are focused on priorities.
- Improve corporate discipline, the adoption of improved management standards and appraisal of chief officers on key leadership and management competencies.
- Develop its approach to workforce planning and development, particularly succession planning, to support the development of capacity to deliver the comhairle's objectives.
- Complete and implement the review of political and managerial structures, in line with planned timescales, to ensure that they reflect and support the achievement of the council's ambitions and maximise available efficiencies.
- Introduce a corporate asset management planning strategy.
- Establish an effective working relationship with the Western Isles Health Board at both member and officer level.

Medium priority

- Deliver the planned Customer Relationship Management initiatives.
- Further develop PPR to ensure it provides a balanced account of the comhairle's performance, reported in a variety of accessible formats.
- Increase the attention given to embedding equalities requirements down through the organisation and develop monitoring systems that demonstrate compliance and impact.
- Continue to embed the comhairle's arrangements in respect of departmental business planning and risk management.
- Ensure best value reviews address fundamental issues in services and lead to real improvements in service effectiveness and efficiency.
- Implement an effective strategic approach to ICT developments that addresses the overall objectives and priorities of the comhairle and its communities.
- Improve management of recycling arrangements to ensure effective monitoring of the activity at both internal and external levels with a view to exceeding targets.

Comhairle nan Eilean Siar

The Audit of Best Value and Community Planning



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Audit Scotland
110 George Street
Edinburgh EH2 4LH

Telephone
0845 146 1010
Fax
0845 146 1009

www.audit-scotland.gov.uk

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