

Scottish Borders Council

The Audit of Best Value and Community Planning



Prepared for the Accounts Commission

March 2007



The Accounts Commission

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

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

The Commission secures the audit of 32 councils and 35 joint boards (including police and fire services). Local authorities spend over £13 billion of public funds a year.

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.

Contents

Contents	1	ICT	37
Commission findings	2	Efficient Government	38
The Audit of Best Value	4	Equal opportunities	39
Overall conclusions	6	Sustainability	40
		Continuous improvement and competitiveness	43
Part 1: Does the council have clear strategic direction?	10	Part 3: How are services performing?	47
The local context	10	Statutory performance indicators	47
Leadership and culture	14	Customer focus and responsiveness	49
Setting a clear direction	17	Service performance	50
Responding to the customer needs	20	Learning for everyone	51
Openness and accountability	22	Improved health and well being	53
Part 2: Is the council organised to deliver better services?	24	Well-Connected Borders	56
Performance management arrangements	27	Strong, inclusive and safe communities	57
Scrutiny	29	Protection and enhancement of the natural environment	59
Managing finance	31	A robust and dynamic economy	60
Managing people	32	Part 4: What needs to improve?	63
		Scottish Borders Council improvement agenda	65

Commission findings

1. The Commission accepts this report on the performance of the Scottish Borders Council's statutory duty to secure Best Value and to initiate and facilitate the Community Planning process. The Commission recognises that the report gives a broad picture of the council's performance based on the work of Audit Scotland and the findings of other scrutiny bodies such as Inspectorates and that it does not attempt a comprehensive review of all service delivery. We acknowledge the cooperation and assistance given to the audit process by members and officers of the council.
2. The Commission recognises that Scottish Borders Council has made substantial progress in recent years. It has invested significantly in response to the findings of inspection and audit reports, has built its senior management capacity and has developed appropriate political and management monitoring systems and processes. It is an ambitious council that is realistic about its strengths and weaknesses. It has put in place many of the building blocks of the Best Value regime, including:
 - good arrangements for community planning and joint working
 - effective leadership and clear strategic direction by elected members and senior officers
 - leadership development for members and officers
 - effective scrutiny
 - open and transparent decision making, particularly through area committees.
3. Many of the improvements in corporate processes have been introduced in recent times and the task for the council is now to build on these processes to achieve improvements in service delivery. In doing so, the council needs to focus on the capacity of the organisation to deliver a very ambitious improvement programme, as there is a wide gap between the council's current performance and its aspirations.
4. There are areas of concern which the Commission has identified from the Best Value audit report and which merit the council's particular attention in developing an Improvement Plan:
 - lack of a clear corporate asset management strategy
 - a fragmented approach to customer care exemplified by its failure to rationalise council offices
 - the need to demonstrate competitiveness in directly provided services
 - the need to increase the momentum in addressing strategic procurement

- prioritisation of roads maintenance and the deteriorating performance of the planning application service.
5. We welcome the council's recognition of the areas in which improvement is needed and we look forward to receiving an Improvement Plan which takes account of the Best Value audit report and these findings.

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 Scottish Borders Council is meeting its duties under the Local Government in Scotland Act 2003
- agree planned improvements with the council. These will be reviewed by the council's external auditor over the next three years.

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

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

external audit and inspections, and national Statutory Performance Indicators, informs this selection.

- The report reflects this selective approach, with detailed commentary on some areas and limited or no coverage in others. While we have made some comparisons with other councils, our overall approach has focused on performance trends and improvement within Scottish Borders Council. The report also reflects the picture available at the time our main audit work was conducted between August and September 2006.

We gratefully acknowledge the cooperation and assistance provided to the audit team by Scottish Borders Council, particularly the councilors and officers contacted during the audit. We would like to particularly thank Councillor David Parker, the Leader of the Council; David Hume, the Chief Executive; and Shona Smith, Business Analyst.

Overall conclusions

In recent years Scottish Borders Council has become an ambitious council which demonstrates good self awareness. It has a clearly articulated vision and a sound strategic planning framework. Elected members, officers and community planning partners share a consistent vision and work well together. Within the council elected members and senior officers provide strong, clear leadership, supported by effective political and managerial structures.

Following the two public service failures which came to light in 2000 and 2002, the council focused on building a corporate improvement culture. Many of its arrangements are new and it still has much to do in major areas of Best Value such as performance management; competitiveness; engaging with its communities; asset management and procurement.

The council is yet to realise the full benefit of its recent investments in improved service delivery and outcomes for local people. Service performance is mixed, with some services such as education, refuse collection and recycling, performing well. There are other services which need to improve including planning, roads maintenance, aspects of criminal justice and delivery of the planned strategic review of community care.

The council is committed to change and has adopted an ambitious Business Transformation Programme. In order to implement this as planned, it will need to look closely and realistically at its capacity to deliver the planned improvements.

1. The Scottish Borders is a scenic rural area. It has a population of 110,000 and covers an area of approximately 1,800 square miles. It is Scotland's sixth largest rural area and also the sixth least densely populated region. It has no major city or conurbation focal point and a third of the total population lives in settlements of less than 1,500 people.
2. The council recognises that the sustainability of its small rural towns and communities is critical. The lack of a motorway infrastructure, or a rail link with Edinburgh, adds to the challenges. The council is promoting sustainability through its local plan and is developing a strategic approach to sustaining small towns which includes updating the council's housing strategy. The Waverley rail project to reinstate the railway, following its closure in the 1960s is of major importance, and the council recognises the potential growth this could bring.
3. In order to achieve longer term sustainability in the Borders, the council also needs to focus on improving a number of critical areas including: the viability of small schools; developing the skills of young people and retaining them in the area to ensure an appropriately skilled workforce; finalising a Local Transport Plan; improving accessibility to council services through the Customer First initiative; and improving the performance of the planning service.
4. Since 2000 two major, and very public, service failures have come to light at Scottish Borders Council. In 2000, the education service substantially overspent due to poor budgetary control and

management. This was followed in 2002 by a serious case of abuse suffered by a vulnerable adult, which highlighted failures in the council's social services and the services of other public bodies. These circumstances resulted in close scrutiny of the council by HMIE, SWIA and Audit Scotland for a considerable period of time.

5. The council has invested significantly to prevent a recurrence of these failures and good progress has been made in responding to the findings of inspection and audit reports. The council has now built up its senior management capacity and developed appropriate political and management monitoring systems and processes. This has taken some time to achieve; it is only relatively recently that the council has engaged with the broader best value agenda, and many of its arrangements for best value are relatively new.
6. Scottish Borders Council is an ambitious council with good self awareness. It has established a clear direction with a clearly articulated vision and a sound strategic planning framework. Elected members, officers and community planning partners share a consistent view of the vision and work well together. Within the council elected members and senior officers provide strong, clear and effective leadership, and this is supported by effective political and managerial structures. Relationships between elected members and officers are good and effective, and are based on mutual respect and trust. The council has also shown a clear commitment to leadership development, through its Management Development Programme (SB Manager).
7. The council is developing a positive culture of change and continuous improvement. The chief executive is effective, and has driven and sustained the pace and ambition necessary to secure improvement in the council over a period of considerable turbulence. It has shown that it has been able to deliver improvement through a period of significant upheaval, including completing its housing stock transfer and initiating the schools Public Private Partnership (PPP) programme, both in 2003. It has delivered these improvements by focusing on priorities and what needs to improve. The council's ambitious Business Transformation Programme (BTP), which it plans to implement after the May 2007 elections, demonstrates the council's commitment to improvement and awareness of how much it still needs to do.
8. The council has an effective framework in place to facilitate the scrutiny of decisions and performance by elected members. Elected members engage well with their scrutiny role and are challenging of officers. The council also has an effective and robust Audit Committee. There is scope to build on these sound arrangements by further clarifying the roles and remits of scrutiny committees to enhance their effectiveness and improving the performance information supplied to elected members. Effective scrutiny would also be better facilitated by a more consistent culture of performance management.

9. The council has recently implemented a Performance Management and Monitoring Framework. It has potential and appears robust, but it is not yet embedded across the range of council activity or demonstrating significant improvements in service delivery and performance. Overall the council's Statutory Performance Indicator (SPI) performance is mixed. In 2004/05, the council had the poorest ratio of improvement to decline in Scotland in its SPIs. The council is now beginning to realise improvements across the majority of the SPIs for 2005/06 and it needs to use the new framework to focus on those areas in greatest need of improvement.
10. The council participates in a wide range of joint working arrangements with partners and stakeholders. Community planning is a strong driver and there is a commitment to this among the New Ways Partnership partners. So far, much of the partnership's activity focuses on the priorities of the partners, such as the Waverley rail project or the potential withdrawal of the textiles school by Heriot Watt University. The Partnership now needs to focus on the strategic themes and priorities set out in the community plan and develop appropriate mechanisms to monitor its progress in the future.
11. The council is developing a strategic approach to understanding the needs of the communities it serves. It has started to make changes to improve its effectiveness. These changes, however, still focus on the process and more needs to be done to clarify why, and how, it plans to consult and engage with its communities and to show how this subsequently affects its policy and decision making processes. The council recognises that it could make better use of its Area Committee arrangements to drive improvement at the local level and provide valuable feedback on what people think about council services. The council is committed to being open about its activities and it recognises that it could do more to enhance its reporting to the public.
12. The council has also much to do with regard to e-government. It has been slow to commence its Customer First pilot but it is now approaching the pilot with strong programme and project management structures. It has identified risks in its capacity to deliver this programme, relating to project management, business analysis and HR support. There is a fragmented approach to customer care and the council is developing a customer care policy to make sure the public are aware of how to access services and what service standards to expect. It also needs to look at the options for rationalising its customer service points as part of its customer first programme.
13. The council has made significant progress in improving financial stewardship over the last five years. It needs to build on this and introduce more effective capital project management arrangements to minimise slippage in its planned activity. It has made progress in developing a robust risk management strategy. Other areas such as workforce planning and asset management are not as well developed, and the council has identified that it needs to improve. The council is also making some progress with procurement but it needs to increase its momentum and put in place arrangements for monitoring and measuring planned efficiency savings.

14. The council has more to do to demonstrate its competitiveness. It lacks recent evidence on the competitiveness of some of its commercial services and it has completed only half of its planned service reviews. The council needs to consider new options for packaging its services if it is to attract market interest and demonstrate competitiveness. The corporate and scrutiny review programme has lacked a strategic focus, undertaking too many discrete service reviews. The council recognises that it needs to develop a more strategic review programme to address wider policy and service issues across departments. It also needs to develop its performance measures and approach to benchmarking to better support continuous improvement.
15. Attainment in schools is above the national average and the HMIE follow-up inspections report considerable progress. Similarly a follow-up inspection of the learning disabilities service has highlighted significant improvement; the service is now jointly managed with NHS Borders using independently chaired committees for the protection of children and vulnerable adults. Although still well below the Scottish average, the council has greatly improved its recycling performance and introduced a more responsive approach to delivering local services through its SB local initiative. The council actively promotes the economic needs of the Borders and works well in partnership with the local enterprise and tourism agencies. The council has good levels of council tax collection and it is taking part in an Efficient Government Fund (EGF) Pathfinder project to identify good practice.
16. The council needs to complete the proposed strategic review of community care and improve aspects of its criminal justice performance. The community learning and development service is undergoing a period of transition following recent restructuring and has yet to complete its modernisation. The council also needs to finalise its local transport strategy and assess its ability to meet its roads maintenance and roads safety targets. The council's statutory planning control function has performed poorly but there are now signs of some improvement. Sustaining this improvement is critical, given the potential impact of the Waverley rail project.
17. The council has made good progress in terms of equalities but it needs to do more on staff training. The council applies sustainable development principles to much of its activity and sustainability is supported corporately through the environmental strategy and related working groups. Like many councils, it needs to develop appropriate performance targets and measures.
18. The BTP has the potential to better coordinate the council's improvement activity into a more coherent strategic programme with clear short, medium and longer term improvement priorities. Taking a more strategic view of its existing and planned improvement activity is likely to assist the council in focusing on what needs to improve. It should also provide an opportunity for the council to better evaluate and understand its capacity to deliver this wide ranging programme of change.

Part 1: Does the council have clear strategic direction?

The council has clear strategic direction. It is an ambitious council now demonstrating effective leadership from elected members and officers, and a robust planning framework. The council has yet to develop a better understanding of the needs of the community and to make sure it is meeting those needs.

The council understands that it needs to change and continuously improve. It needs to understand the capacity of the organisation if it is to maintain the momentum of change that it has established. There are good mechanisms in place for scrutiny, but the roles and remits of committees should be clarified to enhance their effectiveness. The council needs to improve its arrangements for Public Performance Reporting (PPR).

The local context

The Scottish Borders Council faces a number of major issues arising from its local context. These bring challenges for service delivery and include:

- the dispersed rural nature of the area and its effect on the economy, environment, communication, transportation and access to services
- changes to the population demographics with a decrease in working age individuals and increase in older people.

19. The Scottish Borders is a scenic rural area ([Exhibit 1](#)). It has a population of 110,000 and covers an area of approximately 1,800 square miles. It is Scotland's sixth largest rural area and also the sixth least densely populated region. It has no major city or conurbation focal point. Hawick (population 16,000) and Galashiels (population 15,000) are the main towns. A third of the total population lives in settlements of less than 1,500 people.
20. The population of Scotland is projected to remain stable to 2024. However, growth of around 14 per cent is expected for the Scottish Borders, as people are attracted by the enhanced quality of life offered by the area. This is particularly marked in those over the age of 65 who account for 23 per cent of the population, compared to the national average of 19 per cent. This age group is projected to grow by 55 per cent, significantly higher than the national projection of 38 per cent. This brings a significant challenge for the council in meeting the care needs of an increasingly elderly population. The Borders has also seen an increase in the number of migrant workers coming to the area.

Exhibit 1



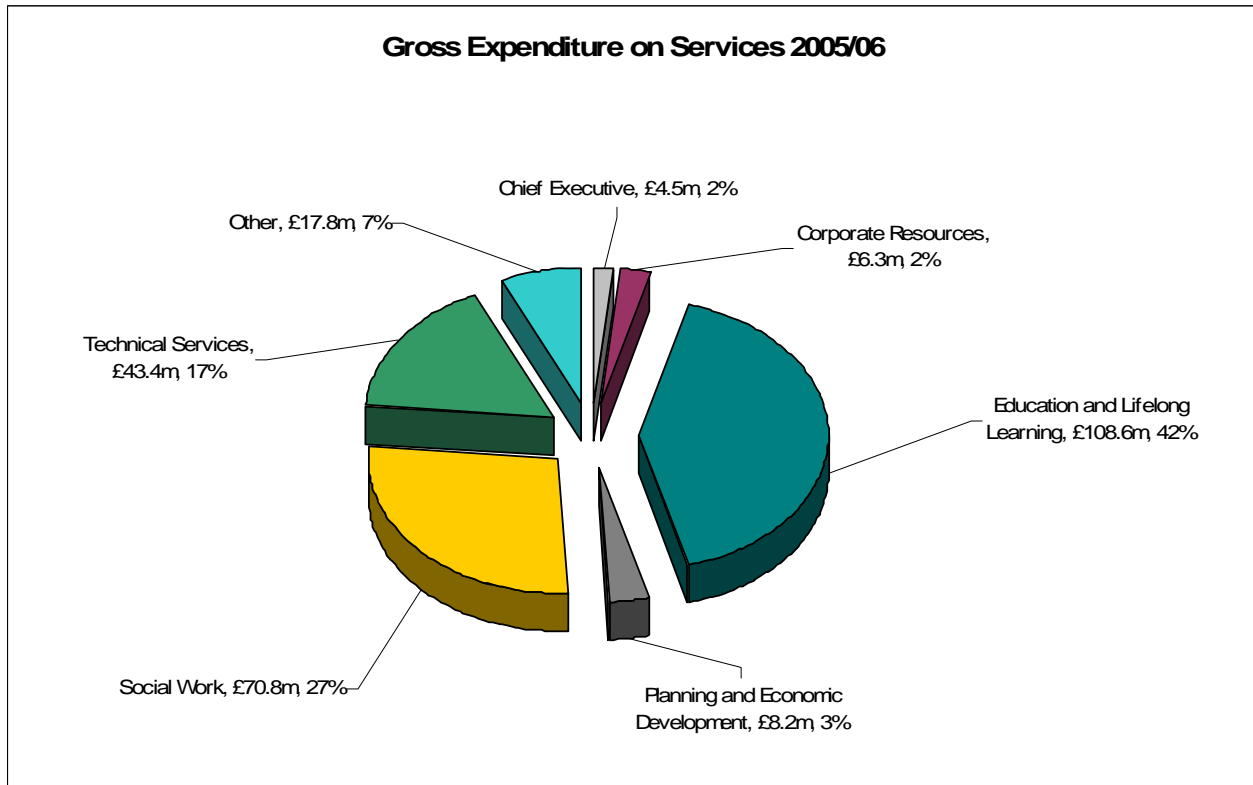
Source: Scottish Borders Council website

21. In common with most of Scotland, service sector jobs in the Scottish Borders are growing while manufacturing jobs are in decline. Service jobs account for 70 per cent of jobs in the Scottish Borders compared to a national average of 81 per cent. There is a high proportion of small to medium-sized enterprises, but relatively few finance and business jobs. Scottish Borders Council and NHS Borders are major employers.
22. Compared to the rest of Scotland, the Borders has a high proportion of jobs in manufacturing (17 per cent compared to a Scottish average of ten per cent) and agriculture (six per cent compared with two per cent nationally). In September 2006, median earnings in Scottish Borders were £385 per week, 6.5 per cent below the Scottish average. The working age population in the Scottish Borders is projected to decline by seven per cent by 2016 compared to a national average decline of four per cent. The challenge for the council is to reverse this decline.
23. The unemployment rate in the Scottish Borders is two per cent, below the Scottish average of 3.3 per cent, but long-term unemployment and unemployment amongst 18 to 24 year olds have increased compared to Scotland as a whole. There has also been an increase in the number of younger people moving away from home to enhance their job and educational opportunities.
24. The Scottish Index of Multiple Deprivation shows that the Scottish Borders has very low levels of deprivation in terms of health, poverty, education and housing, with less than one per cent of areas falling within the most deprived deciles – the Scottish average is ten per cent. This overall trend, however, masks local variations and the council does have some pockets of deprivation in areas such as Burnfoot in Hawick. The data also illustrate the effects of remoteness in limiting access to services and telecommunications coverage.

25. The Scottish Borders is well below the Scottish average in terms of drugs and alcohol misuse, with 25 per cent fewer hospital admissions for alcohol misuse and 50 per cent fewer admissions for drugs misuse. It has lower incidence of coronary heart disease, but over 20 per cent more prescriptions for drugs to alleviate anxiety, depression or psychosis.
26. Educational attainment is above the Scottish average with 90.6 per cent of S4 pupils attaining SCQF level three or better in both English and maths. However, 25 per cent of working age people have no qualifications compared to a national average of 21 per cent.
27. The Scottish Borders has no motorway connection and the rail link with Edinburgh was closed in the 1960s. The Waverley rail project to reinstate the railway is of major importance to the Borders in promoting its economy and tourism and in helping reduce the number of vehicles on the roads.
28. Tourism employs 7.3 per cent of workers compared to a national average of 8.8 per cent. The majority of tourists come from within the UK and they are estimated to generate income of £82 million compared to £9 million from overseas visitors. The Borders is actively promoting its outdoor adventure activities, including mountain biking; the Glentress Forest Park includes mountain bike trails and attracts over 260,000 visitors annually.
29. In 2005/06, the council's revenue expenditure was £260 million ([Exhibit 2](#)). This equates to an average spend per head of population of £1,861, below the Scottish average of £1,927. The average band D council tax in 2005/06 was £1,019 which was below the national average of £1,094. Two-thirds of homes in the Borders are in bands A to C and pay less than this amount.
30. The Scottish Borders Council has 34 elected members and is a coalition administration of Independent (13) and Conservative (11) councillors. The Scottish Liberal Democrats (eight members) are the main opposition party. There are two Scottish National Party members. The council's previous administration was a coalition between Independent and Liberal Democrats.

Exhibit 2

The council spent £260 million on providing services in 2005/06



Source: Consolidated Revenue Account, Scottish Borders Council

31. Scottish Borders Council has suffered two major service failures which have come to light since 2000:
- The education service substantially overspent in 2000 because of poor budget control and management. This resulted in statutory public reports by the Controller of Audit on which the Accounts Commission made findings.
 - In 2002, a high profile case of abuse suffered by a vulnerable adult highlighted failures in social services (and other public bodies). This resulted in inspection of the service by Social Work Services Inspectorate (SWSI) and the Mental Welfare Commission for Scotland.
32. Since 2000, the council has experienced a number of significant changes including the retirement of the former chief executive in 2001; the council leader's resignation in 2002; and the council executive and administration all stepping down in 2002. Several other senior officers have also retired. This has resulted in a period of significant turbulence for the council since 2000. There has been greater stability of leadership over the last 18 months among elected members and officers.

Leadership and culture

Leadership

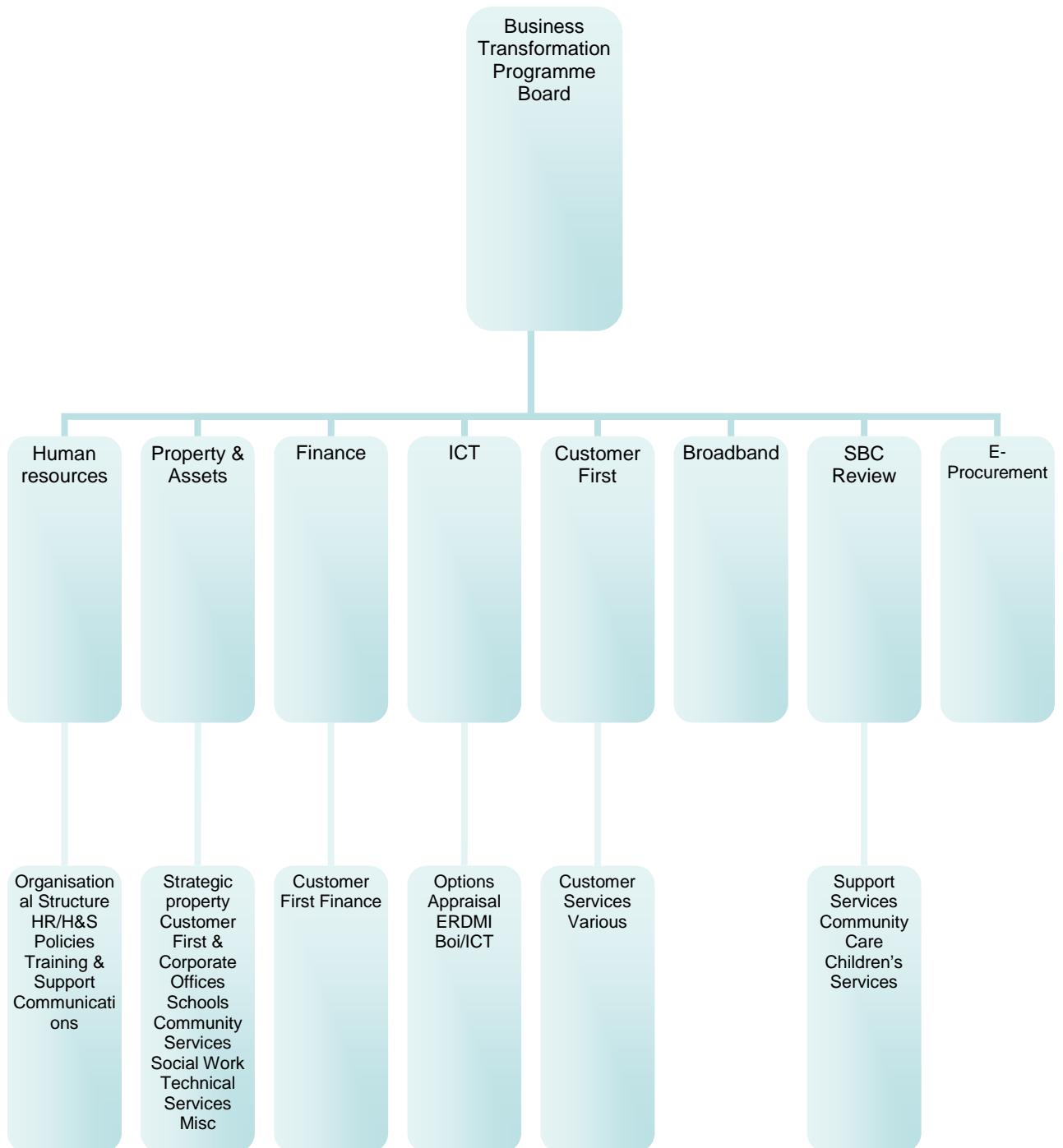
Elected members and senior officers provide strong leadership supported by effective political and managerial structures. A strong culture of continuous improvement is developing.

33. Elected members and senior officers provide effective leadership and clear strategic direction for the council. This is a view shared by community planning partners and is integral to the improvement process. The commitment and enthusiasm exhibited by elected members and the Corporate Management Team (CMT) is evident from direct observation at committee and management team meetings. There are good and effective relationships between elected members and officers.
34. The chief executive is effective, and has driven and sustained the pace and ambition necessary to secure improvement in the council over a period of considerable turbulence. The leader of the council and chief executive work well together and respect the complementary skills that they each bring. The work of the leader and chief executive in building a consensus for improvement in a coalition administration has been particularly effective, and there is a mature dialogue between elected members, and between elected members and officers.
35. Service directors have also demonstrated effective leadership, particularly in the areas affected by the earlier service failures. This has resulted in tangible improvement in performance within these services as identified in HMIE and SWIA follow-up inspections, which are discussed in more detail in section three of the report.
36. The council has invested in developing appropriate political and managerial structures to deliver its priorities. It has operated an Executive and Scrutiny committee system since 2001. The Executive committee consists of 11 members and provides strategic leadership for the council. It is responsible for the majority of decisions arising from council policy and strategies. There is a separate Education Executive, reflecting the statutory requirement to include religious and teacher representatives. There are three scrutiny committees: Scrutiny, Performance Monitoring Panel and Audit.
37. There are five area committees: Berwickshire, Cheviot, Eildon, Teviot and Liddesdale, and Tweeddale, reflecting local communities. They make devolved decisions about issues affecting their communities, for example on local planning matters.
38. The area committees allocate a proportion of the core road maintenance budget, some quality of life funding, and pay parking surpluses; amounting to around £2 million of work annually. They are also responsible for setting priorities for SB Local, which provides a rapid response service for minor day-to-day environmental issues that affect roads, parks and cleansing, with annual budgets of between £35,000 and £50,000.

39. The role of area committees could be strengthened to help them shape and monitor how local services are delivered and to monitor how well they are meeting local needs. The council has identified this as an area for improvement.
40. The CMT comprises five directors, the head of business improvement unit and the chief executive officer. The recently appointed human resources manager is also a member of the CMT, reflecting the importance the council gives to managing and developing its staff. The CMT is well led by the chief executive, with a good focus on strategic issues and a strong drive for improvement. The directors are Theme Sponsors for each of the Corporate Improvement Plan (CIP) themes. The CMT meets weekly and has a four-week cycle of themed agendas: Plans, Performance and Results; Programmes and Projects; Partnerships; Business Transformation.
41. The CMT is supported by a Corporate Business Management Group. This group is chaired by the head of business services for education and lifelong learning and includes departmental business managers, the head of corporate finance, and others as required. Its remit includes improving communication and a joined-up approach to performance management, financial planning and the delivery of corporate projects and initiatives. The agenda and meetings of the group are based around the CMT themes.
42. Following two high profile service failures in education and social work, the council embarked upon a modernisation programme. This started with the council putting processes and systems in place to minimise the risk of significant service failure in the future. The then newly appointed chief executive started to build a new CMT while at the same time seeking to develop a positive improvement culture.
43. Over the last three years, elected members and the CMT have reinforced the need for this focus on improvement. There are clear signs that this has paid off in education and social work services, and the council is intent on ensuring that this developing improvement culture is embedded across all of its operations. This has led to the development of an ambitious programme of change for the future.
44. The council has recognised that it needs to fundamentally change how it does business to deliver its planned efficiencies and enhance its customer focus. The BTP ([Exhibit 3](#)) is a series of projects which together aim to deliver fundamental change for Scottish Borders Council. The programme aims to provide a vehicle for making sure the change required is managed coherently and monitored rigorously. The main objectives of the programme are to reduce operating costs through efficiency savings, and protect front-line services while reducing back office costs and improving customer service.

Exhibit 3

Business transformation programme



Source: Scottish Borders Council

45. The council aims to submit the BTP to the new council after the May 2007 elections, and to have it fully implemented by the end of 2008. The council recognises that this is ambitious, and it has plans to develop a better understanding of its organisational capacity.

46. The council leader, depute leader, finance portfolio holder and conservative leader join meetings of the CMT on the Business Transformation agenda, forming the strategic board for the BTP.
47. Scottish Borders Council has invested in leadership development for members and officers. Elected members receive support to carry out their role effectively, and there is a training programme designed specifically to meet their needs. Elements of the programme are mandatory for all elected members. Access to administrative and clerical support is available as required. The council's leadership development programme for officers, SB Manager, is discussed in paragraphs 123 and 134.

Setting a clear direction

The council has established a clear direction with a vision that is clearly articulated. There are clear linkages between the vision and priorities set out in strategic plans, but the links between the community plan and its associated actions should be reviewed. More needs to be done to understand and manage the capacity of the organisation to achieve its priorities and actions within its challenging timescales.

48. The community plan (2005-2015) identifies a clear vision for partnership working:

By working in partnership we will ensure that:

- our communities are strong and inclusive
- our economy is dynamic and provides opportunities for everyone
- we respect our precious environment.

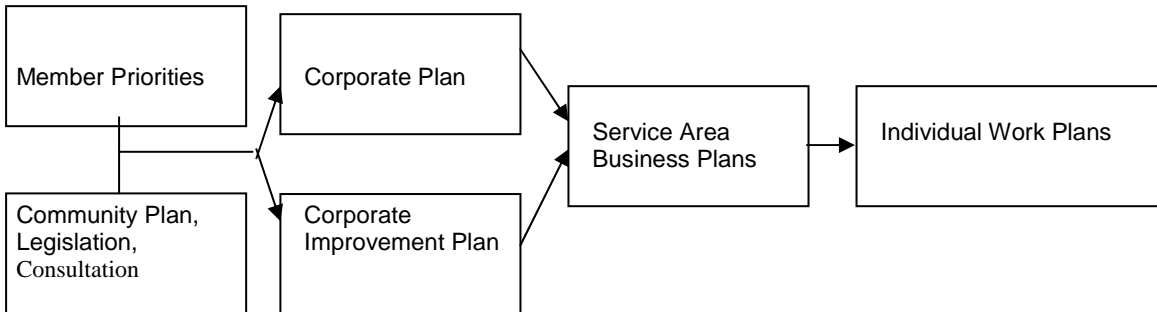
49. The council has identified an ambitious vision which is shared by elected members and officers, and is clearly articulated in the 2006-2009 Corporate Plan:

'The council will be an excellent, forward looking and innovative organisation, well regarded locally and nationally, working closely with partners and local communities to deliver high-quality, customer focused services.'

The council has identified six aspects of the vision through which they plan to monitor its achievement. These include leadership and direction, excellent customer service, innovation, partnership, accountability and being an exceptional employer.

50. The council has a sound strategic planning framework, integrating the community plan, corporate plan and departmental business plans. [Exhibit 4](#) sets out the framework.

Exhibit 4



Source: *Corporate Plan 2006-2009, Scottish Borders Council*

Community plan

51. The New Ways Community Plan is the overarching strategy from which all other plans flow. The first community plan was published in 2000. A refreshed and integrated community plan was developed during 2005 and agreed in May 2006 through an extensive consultation process. [Exhibit 5](#) details its six main themes. In order to address these, six multi-agency Theme Teams have been established: Vibrant Communities; Thriving Organisations; A Working Countryside; Community Well-being; Borders Learning partnership; and a Connected Place. The plan is clearly structured with main priorities based on the vision statement alongside priorities and Key Performance Indicators (KPIs) for the theme areas.

Exhibit 5

Main themes of the community plan

Main themes
<ul style="list-style-type: none">• Strong, inclusive and safe communities.• A robust and dynamic economy.• Protection and enhancement of our natural environment.• Improved health and well-being.• Learning for everyone.• Well-connected Borders.

Source: *'Our Scottish Borders: a vision for the future', Scottish Borders Community Plan 2005 -2015*

52. There is, however, scope to improve these arrangements. At present, the linkages between the stated vision, key priorities, theme priorities and performance indicators are not always clear. For instance, under the theme of 'A Connected Place' there is a KPI on broadband connection to schools and public sector locations coupled with increased home working. The Broadband Pathfinder Project is noted under the vision statement in this theme, but is not listed as a priority action for 2005-2010. This may mean that elements of the vision and priorities are not delivered by the partnership.

53. In addition, the Theme Team plans lack clear objectives. Theme Team progress reports are generally qualitative and do not report on the KPIs given in the community plan. Performance indicators have been identified for each of the six Theme Teams and the council expects a fully developed performance management system underpinning New Ways to be in operation by March 2007.
54. The council's corporate plan is derived from the community plan. Its six priorities mirror the six areas for action set out in the community plan and cover a three-year period 2006-2009. A number of high-level actions support each priority area, so that linkages can be traced from the corporate plan priorities through to the next level of planning activity business service plans.
55. The CIP sits alongside the corporate plan and is designed to make sure the council is positioned to meet the challenges set out in its corporate plan. There are five cross-cutting themes: Modernisation/Customer Services; Raising Standards and Best Value; Working with the Borders Community; Better Government; and Supporting our Staff. The plan sets out improvement actions with associated outcomes. Milestones, dates and accountable officers are also identified. The current CIP is the council's third. Many of the actions set out in the first plan have been carried forward to the current plan.
56. For the first time, all business plans covering the period 2006/07 to 2008/09 have been produced in a consistent format following the corporate template. This standardised approach has made linkages between plans easier to trace and should lead to simpler monitoring by identifying clearer, more specific objectives for individuals with performance targets to measure success.
57. Business plans are considered by the CMT at their 'Plans, Performance and Results' agenda meeting. Elected members review business plans quarterly at the Performance Monitoring Panel (PMP) meetings.
58. In common with many councils, Scottish Borders needs to improve the integration of financial and business planning. The council attempted to do this during the budget preparation process for the 2006/07 to 2008/09 budget, but it had limited impact as the performance management framework was not fully in place. The council has set a target of integrating business and financial planning in advance of the 2007/08 financial planning round. Initial actions include making sure all budgetary changes are linked to the actions within the corporate plan and CIP to show how they will contribute to achieving the corporate objectives.
59. The strategic planning structure has identified many priorities and actions. There is some risk that there are too many, and the council has to make sure it prioritises actions effectively and is realistic when determining completion dates for priorities and actions. The first performance monitoring report identified over 400 projects due to be completed in March 2007. As a result there was a review of the project plans to make sure they were accurate and realistic.

Responding to the customer needs

The council undertakes a variety of consultation and engagement activity but has lacked a strategic and coordinated approach to gathering information about the needs of the community.

60. Community Engagement was the subject of a review by the Scrutiny Working Group, a subgroup of the Scrutiny Panel, in 2005. The review examined how the council communicates and consults with communities and stakeholders, and heard evidence from community groups such as community councils and voluntary groups. It found a lack of timely feedback from the council to those who participate in its engagement activities.
61. The findings fed into a wider informal consultation exercise to develop a corporate consultation strategy. This exercise was led by the chair of the Scrutiny Panel and community engagement officer who met with community representatives to gauge their views on what a consultation strategy should cover.
62. The council agreed its Community Engagement and Consultation Strategy *Are we listening?* in August 2006. The strategy is supplemented by guidelines which provide useful assistance for those undertaking community engagement and consultation exercises. The strategy focuses on when consultation should be carried out, who should be involved, performance standards and monitoring arrangements. The strategy would benefit from being supplemented by a programme of consultation activity setting out actions and timescales.
63. The council gives active support and funding to a network of 67 community councils operating across the Borders. The council supports the community councils annual conference. Elected members, the chief executive and senior officials attend the conference to discuss items of importance with community council members. The agendas of each of the five area committees include a community councils spotlight as a standing item. This mechanism allows community councils to raise issues of concern, typically around local planning or community safety, and provides a forum for engagement.
64. The council has a People's Panel of 1,800 local residents. The panel has been used for a number of different surveys, including consultation on the council's disability scheme.
65. Community planning partners also make use of the panel, usually for their own surveys rather than for wider community planning issues, although survey findings are available to all partners. Lothian and Borders Police, Visit Scotland Borders and NHS Borders have carried out surveys to explore issues such as visiting friends and relatives, revenues and benefits and patient service redesign. There is no formal mechanism for reporting the findings of surveys to panel members
66. Membership of the panel has fallen to 1,400 since 2002 and the council recognises that it needs to be refreshed to bring the numbers back up to 1,800 and to make sure the sample remains

demographically representative. Consultants have recently been awarded a three-year contract to undertake this work and are expected to report in early 2007.

67. The main method of obtaining public feedback on general quality of life issues, such as living and working in Borders and accessing local services is through the household survey. The last survey was conducted in 2003 (reported January 2004). Key findings showed that 93 per cent of Scottish Borders residents were satisfied with the area as a place to live, an increase of six per cent on the figure reported in the earlier 2001 survey. The top three ranked issues of importance were:
 - looking after the health and well-being of local people
 - encouraging businesses to thrive and making more jobs available
 - providing activities and facilities for young people.
68. The issues ranked least important were:
 - improving the provision of IT (such as internet access, Broadband and Digital TV)
 - fostering cultural life in the Borders
 - conserving the heritage of Borders historic buildings and townscapes.
69. The findings have informed service planning and provision by partners. There has been no formal evaluation of progress of the results from the previous survey, even as part of the preparatory work for the latest survey. In the future this role is likely to be the responsibility of the recently appointed community engagement officer.
70. The latest survey has recently been issued to 10,000 residents to reflect a socio-demographic picture of the entire Scottish Borders community as a whole and the composition at area committee level. It addresses issues similar to those in the 2003 survey about living and working in the Scottish Borders.
71. The council has developed its community engagement arrangements for harder to reach communities. Examples include the launch of the Lesbian, Gay, Bi-sexual and Transgender Forum (LGBT) and consultation work with young people which fed into the community plan.
72. At present, there is no systematic means of coordinating consultation activity across the council, or of making sure that relevant data is shared appropriately. This activity currently depends on the ad hoc support of the community engagement officer. Plans are being developed to address this gap by establishing a consultation working group which would act as gatekeeper for all planned consultation activity and disseminate the findings.

Openness and accountability

The council is open about its activities and recognises that it could do more to enhance its reporting to the public. It needs to improve its arrangements for public performance reporting, ensuring the information is up to date and published regularly.

73. The council is committed to carrying out its business in an open manner. It has a Scheme of Delegation and Codes of Conduct for employees and elected members. All council meetings are open to the public and there are a range of opportunities for interested members of the public to voice their views on items before they are debated by the council. Despite this commitment, committee papers are not all available on the council's website as a matter of course, although they are all available to members of the public on request.
74. The council's website provides useful content and offers some examples of more advanced online self-service features, including online payments and access to planning applications. The currency of information should be improved; for instance in October 2006 the latest news feature highlighted proposed strike action that took place in March 2006. The website has improved its classification in the annual Society of Information Technology Management (SOCITM) Better connected survey 2006, from a site providing basic information (promotional) to one providing a good range of content with some interactivity (content plus).
75. Committee meetings are held in public and area committees are generally well-attended by members of the public. Area committee agendas include an item enabling any member of the public to ask a question or raise an issue. These agendas also have a community councils spotlight to encourage engagement with the network of 67 community councils. Representatives of community councils can attend meetings in person or submit a question or enquiry in advance.
76. In May 2006, the council introduced a new corporate complaints procedure for handling and recording complaints in a more systematic, timeous and consistent manner. As yet there has been no formal reporting using the system. The first report is scheduled to be submitted to PMP in November 2006. In the past complaints have tended to be dealt with on an ad hoc basis and monitoring was fragmented with varying practices across departments. This has meant that the council has had no clear picture of the number of complaints received and how these have been resolved.
77. Under the new system, recording and investigating complaints will still be devolved to departments, but logging and monitoring will be carried out centrally using the new Quality Management System QMS database. There are plans for quarterly reporting to CMT and more regular reporting to Departmental Management Teams. Each department has a nominated complaints officer who is responsible for registering complaints received by email, collating periodic performance reports and monitoring trends.

78. The council's arrangements for public performance reporting have been limited. *How Good is our Council?*, the main publication, was last published in 2005, covering 2003/04 performance information. The format was comprehensive and brought together all the main sources of performance data. Feedback from staff highlighted a number of areas for improvement, namely that some of the information is quite out-of-date and the indicators used do not correspond to those in the CIP. The council needs to improve its arrangements for public performance reporting, ensuring the information is up to date and published regularly.
79. *SB Connect*, the council's free newspaper, is the main method for reporting information throughout the year. It is issued every three months and is available on the council's website, through council facilities such as libraries and schools and is sent directly to partners and community groups such as community councils.
80. In addition to *SB Connect*, the council will continue to publish separately HMIE Inspection reports, Education Quality and Standards Report, SPIs, Annual Reports for Social Work and Welfare, Benefits Advice Service and an Annual Summary of Corporate Performance.
81. A review to widen the scope of reporting activity is currently underway. Its objectives include increasing publication frequency and utilising existing reporting arrangements. In March 2006, the council agreed to publish an Annual Summary of Corporate Performance showing progress in delivering the corporate plan and CIP. A revised *How Good is our Council?* will also be published, with the first due early in 2007.

Part 2: Is the council organised to deliver better services?

The council is improving its ability to deliver better services and to do this in partnership with other bodies. The council has successfully developed a wide range of joint working initiatives, and community planning is a key driver for improvement. The New Ways Partnership now needs to be refocused on its agreed strategic themes for future activity and investment. The council is making significant progress in financial stewardship and risk management in response to the serious problems of recent years.

More needs to be done to develop the council's arrangements for managing its staff, procurement and asset management, but the council needs to identify and monitor efficiency savings as a matter of priority. Review activity and performance management have lacked strategic focus but recent activity is improving this. Scrutiny systems are effective but more needs done to improve the quality of performance information.

Working with partners

The council participates in a wide range of joint working with partners and stakeholders. Community planning is a strong driver and has a significant role in tackling strategic issues. The challenge for the council is to now focus on the priorities contained within the community plan. The council also needs to improve the measurement and reporting of its joint working arrangements.

Community planning

82. The council works in partnership with a range of public, private and voluntary sector organisations. This is reflected in the New Ways Partnership which is the community planning partnership for the Scottish Borders ([Exhibit 6](#)).
-

Exhibit 6

Community Planning Partners of Scottish Borders Council

- Scottish Borders Council
- Scottish Enterprise Borders
- NHS Borders
- Visit Scotland Borders
- Communities Scotland
- Borders College
- Lothian and Borders Police
- Buccleuch Estates
- Scottish Natural Heritage
- National Farmers Union
- Scottish Environmental Protection Agency
- Job Centre Plus
- Council for Voluntary Services
- Borders Housing Forum
- Federation of Small Businesses
- Scottish Borders Community Councils Network
- Scottish Borders Chamber of Commerce
- Lothian and Borders Fire and Rescue Service
- Heriot Watt University
- Scottish Borders Community Safety Forum

83. The structure of the Partnership is aligned to the structure of the community plan and this is set out in [Exhibit 7](#).

Exhibit 7

New ways structure



Source: *Scottish Borders New Ways Partnership*

84. The New Ways Forum, consisting of all the New Ways partners, meets twice yearly to set the broad agenda of the partnership and review progress made to date. Perceptions of the effectiveness of the Forum by Community Planning Partners (CPP) vary, with some considering it a talking shop and other seeing it as a useful mechanism to kick-start joint activities.
85. The New Ways Project Team is made up of senior managers and some chairs of the main public sector partners to coordinate and drive forward the work of the Partnership. The Theme Teams are led by different CPP. The Community Well-being Theme Team also acts as the Board of the Community Health and Care Partnership for the Scottish Borders.
86. While the Project Team has a role in integrating the work of the different Theme Teams, its agenda has largely been dominated by major projects such as the Waverley rail line or reacting to events such as the potential withdrawal of the textiles school by Heriot Watt University ([Exhibit 8](#)). At the time of the audit the partnership was undertaking community surveys to inform its Local Community Action Planning pilot in Burnfoot and its small towns strategy. The partnership has yet to realise the impact of this work and report this through key performance indicators.

Exhibit 8

Joint Further and Higher Education Campus at Netherdale

In 2004, Heriot Watt University announced plans to move the School of Textiles from Galasheils to its main Edinburgh Campus at Riccarton. This move was to enable a rationalisation of the University' estate, consolidate all manufacturing related education into a single centre of excellence and to facilitate the co-location of Heriot Watt and Borders College on a single campus at Netherdale. This move would have resulted in Heriot Watt's provision in the Scottish Borders being limited to provision for about 100 management students. The single campus concept had the support of the Scottish Funding Council

Scottish Borders Council and partners, in particular, Scottish Enterprise Borders and NHS Borders were concerned at the loss of core Higher Education provision in the region. A New Ways Partnership working group was formed to support the development of a solution to meet the various stakeholders' needs and enable the School of Textiles to remain in the region. The main issues for the University were the cost of redevelopment and the on-going financial viability of the student halls of residence.

The potential loss of the School of Textiles was a concern for the key stakeholders because of the potential loss of:

- commercialisation opportunities supporting diversification of the existing business base
- support for workforce development opportunities for the local textiles industry as well as the wider workforce including for the council and NHS
- a source of support in retaining the existing population as well as attracting new residents.

The New Ways Partnership's solution was to propose an innovative approach to securing the financial viability of the redeveloped student halls of residence. This proposal, which is being developed by Eildon Enterprise, will include the provision of social housing, private residential, conferencing facilities and student accommodation that is also available for the tourist market. Feasibility work is being carried out with funding from the council, the University and Scottish Enterprise Borders.

Source: Audit Scotland

87. The New Ways Partnership has a core budget of £105,000 for 2005/06, made up of contributions from the major partners. These funds are managed by the council and Theme Teams can bid for them. To date, core funds have been used to recruit a learning coordinator. The Partnership is supported by a full-time coordinator paid from the core funds of the Partnership.

Joint Working

88. The primary focus for joint working is the New Ways Partnership. The council also has strategic partnership arrangements in place to deal with major issues affecting the wider region, such as the work being undertaken with Dumfries and Galloway Council and the local enterprise companies to jointly prepare a South of Scotland competitiveness strategy. The strategy sets out development priorities with detailed measures, estimated investment requirement, and actions which are required for the south of Scotland as a whole.

89. All council services identified examples of joint working initiatives including a consortium with East Lothian and Midlothian councils aimed at developing the capacity of principal teachers as leaders in curriculum development and supporting continuous improvement through joint meetings and peer

support. The council is currently finalising a new partnership agreement and contributes £250,000 to a partnership with Visit Scotland Borders to support tourism in the area.

90. There has been much progress in joint working between the council and NHS Borders. This includes:
- the Borders Ability Equipment Service (BAES) service was established in April 2004 and delivers, uplifts and maintains ability equipment loaned to individuals across the Borders
 - a jointly managed Learning Disability service
 - a joint Data Sharing Partnership.
91. Despite the range of joint working initiatives the council does not have effective systems in place for monitoring and measuring their effectiveness and so cannot demonstrate the benefits to the service users, and how accountability is maintained.

Performance management arrangements

The council has only recently implemented a performance management and monitoring framework. This has potential and appears to be robust, but it is not yet possible to assess its effectiveness. The council is yet to embed these arrangements and phase out the use of stand alone departmental monitoring arrangements. The performance management arrangements for community planning need investment in order to be more effective.

92. In June 2006, the council approved the implementation of a new revised performance management and monitoring framework. The framework is comprehensive, integrated and based around layers of inter-linked planning activity.
93. The framework aims for linkages to be clear between the various levels of planning from the new ways community plan, corporate plan, CIP and business plans and financial plans to individual personal development plans. It also sets out the cycles of reporting and audiences for reports. However, these arrangements had only recently been introduced during the audit, and had not been fully or consistently embedded.
94. As part of the new performance management framework the council has introduced a system of quarterly reports on the corporate plan and the CIP to the CMT. The PMP will receive a summarised version of the performance reports. An Annual Summary is also produced for the full council and wider audience. Outcome targets have been developed to allow progress on the six service priorities to be monitored. In most areas, these are defined in SMART terms.
95. There has been limited challenge of service performance by CMT so far. The CMT is aware of this and the recent change to themed agendas combined with the introduction of the performance monitoring system aims to provide the structure and reports to allow this to happen in the future.

96. The CIP sits alongside the corporate plan and is designed to position the council to meet the challenges set out in its corporate plan. Progress is monitored monthly by the CMT and quarterly by the PMP.
97. KPIs are identified and are incorporated within business service plans, but these need to be developed further. This standardised approach has made linkages between Plans easier to trace and should lead to simpler monitoring. The KPIs are monitored through the Covalent performance monitoring system.
98. The council's Performance and Personal Development Planning Process (PPDPP) process is the main mechanism by which managers can link individual employees' development actions to the priorities in the corporate plan and CIP. The council recognises that, to date, the scheme has not been deployed consistently across services and monitoring data is variable. At present, therefore, it cannot be demonstrated that all development activity is linked to an overarching corporate priority. A revised monitoring system will be introduced by March 2007.
99. The performance monitoring system will monitor performance at all levels and by its launch at the end of June 2006, nearly 200 employees across the council had been trained to use it.
100. Scottish Borders Council is seeking to integrate the New Ways Partnership performance indicators into the performance management software, but there remain considerable technical and definitional challenges before such integration could be achieved. At present, an Annual Report of Community Planning Progress is produced and six monthly reports are provided to the Executive and PMP. Performance indicators have been identified for each of the six Theme Teams and the fully developed performance management system underpinning New Ways aims to be in operation by March 2007.
101. The New Ways Partnership performance management framework requires considerable development before it can be an effective tool for management. While the community plan includes 42 key performance indicators, many of these do not have specific targets but simply state 'To improve XXX...' while others have a KPI to establish baseline measures or to establish targets for a priority. Some of the KPIs appear to be the performance measures of individual partners rather than to partnership working. The community plan does not set out effective measures or performance indicators for the overarching vision and priorities for the partnership as a whole. Current reporting is based on progress against tasks, but the progress reports don't report key events including successes and milestones.

Scrutiny

The council has an effective framework for scrutiny which includes a Scrutiny Panel, Public Performance Monitoring Panel and Audit Committee. The Scrutiny Panel exercises good control over council decisions. Councillors engage in constructive debate and are challenging of officers. The council could improve its arrangements by clarifying the roles of its various committees.

The council needs to improve its performance information to support business plan monitoring and performance scrutiny. It aims to address this through rolling out the performance monitoring system and other planned improvements.

102. The council has three main forums for scrutiny which are the Scrutiny Panel, Audit Committee, and Performance Monitoring Panel (PMP).
103. The Scrutiny Panel was established in August 2001 and has powers to undertake reviews, monitor executive decisions, hold hearings, and call-in decisions ([Exhibit 9](#)). The panel exercises good control over council decisions using these powers. The panel also acts as a sounding board for other corporate and service review activity undertaken by officers and considers the terms of reference and draft recommendations of these reviews. The scrutiny panel has a balance of elected members from the council's main parties who are not on the Executive Committee. It is chaired by the leader of the council's main opposition party, the Scottish Liberal Democrats.

Exhibit 9

Scrutiny call-in regarding Peebles Library re-location

In June 2006, the council was approached by the Peebles Sheriff Court Conservation Trust with a proposal to develop the old Sheriff Court Building by refurbishing and extending it to create a new civic space and library. The trust asked for an early decision, to allow negotiations with the owners prior to the building being placed on the open market for sale. At the same time, the council identified the potential to improve the existing library facilities at the Chambers Institute in Peebles as part of a broader vision for the whole site. The Executive committee took the decision to decline the proposal from the trust and to commission more detailed work to explore options to develop library facilities at the Chambers Institute site.

The scrutiny panel called-in the Executive decision, having obtained five signatories from the panel. The scrutiny panel upheld the call-in following a meeting to obtain further information. This allowed the panel to question the officer responsible for drawing up the report together with the portfolio holders for technical services and for education and lifelong learning. The panel decided that the Executive had reached a decision quickly to meet the Peebles Sheriff Courthouse Trust deadline, but had not fully considered alternatives for the library provision. The panel also noted a lack of any prior consultation with the local community or with the Peebles Common Good Working Group regarding the use of this land at the Chambers Institute site.

The panel recommendations included that:

an indication be given to the Trust that they had produced an excellent and imaginative scheme but there was no budget allocation for Peebles library in the Council's 5-year Capital Programme;

a request be made to the Capital Management Group to support a preliminary study of options for Peebles library, and to carry out an options appraisal for the Peebles Sheriff Courthouse building;

any options considered must comply with the uses, purposes and conditions applicable to the Chambers Institute and Burgh Hall;

a progress report be submitted to the Executive by the end of November 2006;

any proposals for relocating or enlarging Peebles Library should be subject to consultation with the Peebles public before any final decision is made.

The Executive accepted the Scrutiny Panel recommendations with some minor amendments, including the option to incorporate a new contact centre into the feasibility study. The council considered the Executive decision and instructed officers to narrow the proposed feasibility study to focus on accessibility issues.

Source: Audit Scotland

104. Scrutiny reviews are informed by internal and external consultation and tend to focus on the impact of council services on the community. The panel has undertaken 18 reviews focusing on discrete service areas such as taxi services, planning consultations and community grants. Scrutiny hearings have included flood warning systems and the council's policy on following the public pound. The panel has had nine call-ins including pay parking policy and refuse collection arrangements.
105. The council recognises that scrutiny reviews have been too narrowly focused, and the panel intends to focus on fewer, more strategic reviews in future. The panel consults externally with community councils and members, and internally through the CMT and officers, to inform the scrutiny programme. It aims to make greater use of hearings to explore issues in more detail and reduce the review workload.
106. The PMP was established in 2003 as an executive sub-committee. The PMP assesses performance and financial matters in more detail on behalf of the executive. Its 2005/06 work programme includes business plan monitoring (twice-yearly) and financial monitoring. The PMP also monitors SPIs on an annual basis; progress in implementing scrutiny reviews; and council, executive and scrutiny decisions on a quarterly basis. The PMP is able to provide specific and specialised scrutiny of the council and has proved to be an effective additional level of scrutiny and support, but it would benefit from prioritising the committee decisions it reviews.
107. The PMP scrutinises SPIs and business plans. The Trading Sub-Group oversees performance and commercial development of the trading operations. Reports submitted to the sub-group focus on service, contracting and budget issues, but do not provide a systematic report of KPIs. The roll out of the performance monitoring system and the development of performance indicators aims to improve the sub-group's ability to scrutinise performance and monitor business planning in the future.
108. The Audit Committee considers the council's systems and procedures to make sure the resources are well managed. It is taking forward a number of areas including the council wide risk register. It considers issues arising from both internal and external audit reports. The committee is chaired by the convener and comprises five members of the council and two external members who bring a wide range of business experience and challenge.

109. The Audit Committee is very effective and robust, providing challenging reviews and support to officers. The external auditors have found the audit arrangements to be an example of good practice for Scottish local authorities.
110. There is a good level of objective debate and scrutiny at the various scrutiny forums and also at Council, Executive and Area Committees. Elected members are challenging of officers but at times they become involved in too much detail. For example, detailed discussions on low value budget virements. Our observation of committee meetings also indicates that the reporting structure can lead to confusion for elected members, with elected members being unclear about the appropriate forum in which to discuss reports. There is a need for clearer remits between the various committees – in particular to clarify the respective roles of the Scrutiny Panel, Performance Monitoring Panel (PMP), and the Audit Committee. This would also help officers understand what political forums reports should be submitted to.

Managing finance

Scottish Borders Council has made significant progress in financial management over the last five years since the problems with the education budget. There has been an increase in carry forward balances due to projects not being completed within planned timescales. The council faces significant financial pressure as a result of Equal Pay and Single Status payments, which will reduce the council's reserves.

111. Scottish Borders Council approves a three-year financial plan which seeks to outline the priorities for the council and to ensure that the council's financial targets are met. It now has a strong focus on financial monitoring arrangements following the high profile over spend within education five years ago. In response to the Accounts Commission's findings the council provided financial and budgetary training for all relevant front-line staff and introduced monthly budget monitoring meetings for all senior managers. This has been rolled out across all services. The council is committed to making sure that the problems do not recur and elected members have worked closely with officers to prevent this. The council now feels that it is in a position to review its virement levels and make sure that only appropriate issues are taken before members.
112. For sometime the council has sustained one of the highest in-year council tax collection levels in Scotland at 96.7 per cent. It has succeeded in achieving consistently high levels of collection through a clear focus on performance and stringent collection procedures. Although the Scottish Borders area does not have significant levels of deprivation it has areas of low income and a high proportion of residents on fixed incomes.
113. The approved financial strategy sets out the level of non-earmarked General Fund Reserve the council considers to be adequate to provide a working balance and to fund contingencies. The target is set at between two and four per cent of the year's budgeted expenditure. As at 31 March 2006 the

council's non-earmarked reserve equated to 2.5 per cent (£5.706 million) of 2005/06 budgeted expenditure. This level of reserve is at the lower end of the target.

114. Scottish Borders Council has recognised the significant financial pressures it could face due to Single Status and Equal Pay. The latter has a potential liability of £4.6 million which has been provided for in the 2005/06 annual accounts. Single status is included in the 2006/07 council budget as an unfunded cost pressure is estimated at £2.5 million. Both will be met from non-earmarked reserves. The council's finance and HR functions have worked closely together to ensure that the financial and workforce issues are fully reflected in the council's priorities and considered when making strategic decisions and discussing the use of reserves.
115. In previous financial years a significant element of the council's carried forward balances related to projects which were not delivered by the council in the financial year. This has raised concerns over the robustness of the council's project management and workforce planning.
116. Every year the council's Capital Management Group prepares and submits a draft capital programme for the next five years to the council's Management Team. The recommended plan is then presented to the full council for approval. The council has set criteria for appraising and selecting capital projects, including consideration of links to the council's corporate and strategic aims, revenue implications in relation to the council's overall financial strategy, and the promotion of social inclusion and access and the council's environmental policy.

Managing people

The council has made good progress in tackling equal pay but has been slow to address Single Status. It has appraisal and personal development arrangements but it lacks reliable management information on implementation. The council has not undertaken a staff survey for sometime. The council has recruitment and retention difficulties in some professional staff groups, and the HR strategy lacks a strategic approach to workforce planning.

117. The council has 4,625 FTE (Staffing Watch – June 2006) staff. There are 42.2 staff per 1,000 head of population, which is below the Scottish average of 45.2. Levels of sickness absence are lower than the national average for all categories of staff.
118. Scottish Borders Council has historically operated a largely centralised corporate HR structure, although separate arrangements have existed within some services; for instance there are HR specialists within education and social work. Opportunities have been identified for further rationalisation and harmonisation by bringing together HR specialists. Until now the HR function has operated on a traditional basis rather taking a lead role in organisational development functions such as business transformation and change management. The appointment of a new head of HR is intended to develop a stronger focus on business transformation.

119. The council has an established HR strategy covering the period 2005-2009 which sets out a high-level statement of values and principles rather than forming the basis for action. There is a comprehensive set of HR policies in place, and employee responsibilities are set out in the Employee Handbook.
120. By June 2006, 95 per cent of eligible equal pay claims had been settled. The council anticipates that only a small number of the remaining claims (around 60 cases) will be taken to tribunal. Progress on Single Status has been slower; although job evaluation has been completed, regradings have yet to be settled. The council intends to address Single Status through the BTP.
121. The council has a Training and Development Strategy and a Policy Statement and Guidelines. Training and development needs are assessed through a formal personal appraisal system, Performance and Personal Development Planning (PPDP) and Performance Review and Development (PRD) for teaching staff. These arrangements have yet to be rolled out to cover manual staff. The chief executive is subject to separate annual appraisal arrangements by a panel comprising of the council leader, convener, leader of the opposition and an external advisor.
122. The appraisal identifies development needs and progress is reviewed on a six-monthly basis. Feedback from staff indicated that the process was worthwhile, but its use was variable, particularly in remoter non-HQ locations, often depending on the commitment of line managers and staff themselves. There is little formal monitoring of the system, and the council cannot provide details of the proportion of employees with an up to date appraisal.
123. Leadership development is a core priority for the council. SB Manager is the council's leadership development initiative, delivered jointly with NHS Borders, and participants can progress through a series of modules to attain chartered manager status. The first 28 participants (24 SBC, four NHS Borders) have now completed the programme. A further 64 employees (34 each from SBC and NHS Borders) have started the second programme.
124. SB Manager shows that the council has recognised the need to invest in staff development, but it is too early to assess the impact of the programme. The council plans to measure its success through the staff appraisal system PPDP.
125. Workforce planning is not developed at a corporate level although there are examples of service-led initiatives. The council suffers from persistent difficulties in recruitment and retention, particularly in planning and social work. Staff shortages within planning reflect the national picture which is exacerbated by the council's rural situation. These services operate 'grow your own' solutions which aim to help the council develop staff to meet its needs.

126. The council sees the higher salaries paid by neighbouring authorities as a factor in its recruitment and retention difficulties. Some services have responded to this, resulting in a 'Golden Hello' policy within legal and environmental services and the introduction of a practitioner post in social work to allow more flexible career progression. These measures have had some success but the numbers involved are very small and a more strategic approach is required.
127. The council carried out an employee survey in December 2003. It has delayed carrying out another survey until after it has implemented some of its major plans. The response rate to the 2003 survey was 39 per cent, a decline from 47 per cent for the 2001 survey. The most significant findings in 2003 related to poor communication and engagement, and low morale following the education service failure. The council should undertake an up-to-date staff survey.
128. The council has recently introduced an Employee Council in response to the survey results. This innovative approach has potential but the council was slow to develop and implement it. Information on the Employee Council is provided on the intranet. There are 12 employee representatives along with the chief executive, head of BIU and senior elected members. It will meet three times a year.
129. There is a well-developed system of staff briefing provided via the council's internal employee newsletter *SB Update*, personnel circulars and the intranet, although some staff in remote locations have reported difficulties in accessing electronic information.

Assets

Scottish Borders Council does not have a clear corporate asset management strategy. At present, it has two separate asset registers maintained for different purposes, and no single officer has oversight of them. The council is making progress in its management of common good assets, but it needs to monitor and control its capital expenditure more effectively.

130. At 31 March 2006 the council's portfolio of tangible fixed assets was valued at over £252 million. The council has two fixed asset registers, one maintained by finance and one by estates. The finance register is primarily an accounting tool which provides a comprehensive record of all the assets to be accounted for on the council's balance sheet, while the council's estates staff use their register to maintain a more detailed record of the council's land and buildings.
131. Concerns have been raised that these two registers do not enable the council to make sure it maintains an accurate and complete record of all the council's assets. The council has undertaken a reconciliation of the two registers to identify differences and discrepancies, but it cannot be sure that its assets are being treated consistently. Management responsibility is also not clear, and some key staff were unable to identify the lead officer for asset management.
132. The council has commissioned a consultant to review this area. It is currently reviewing recommendations outlined in the consultant's report and considering options for the future.

133. Scottish Borders Council administers eight common good funds for towns located across the Borders region. The funds have a total value of around £5 million including fixed assets. The funds are intended to provide benefit to the area's population through the disbursement of funds, securing assets for the use of the community or contributing to specific local project/initiatives. External audit has identified weaknesses in the council's management of common good assets, relating to the registration, monitoring and stewardship of moveable common good assets, and the council needs to do further work to restore public confidence.
134. During 2005/06 the council's capital expenditure was £24.129 million, financed by borrowing, capital grants and capital receipts. No prudential borrowing was required in the year, consistent with the council's original forecasts.
135. There are concerns about the phasing of capital expenditure; 40 per cent of capital spending took place within the last two months of the financial year. The council has recently put in place new capital project management and programming disciplines to make sure large scale capital spending meets the target timescales.
136. The availability of skilled labour within the Scottish Borders region poses another challenge to the capital programme. There is a limited number of builders and contractors within the area and the rural geography may dissuade suppliers outside the region from tendering for work. The council now tenders locally, nationally and internationally to reach as wide a pool of skilled contractors as possible.
137. In 2003, Scottish Borders Council transferred its housing stock to a registered social landlord, so that its main property assets are now held by the education department. The council has recently undertaken a review of its schools estates and is beginning a series of PPP and public funded projects to build new primary and secondary schools.

Procurement

The council needs to increase momentum in addressing the recommendations of its strategic review of procurement, and put in place monitoring and evaluation mechanisms for measuring efficiency savings. It has taken into account its challenging local context and is helping to develop the local market of smaller scale potential suppliers.

138. The council has a Central Procurement Unit (CPU) and a Procurement Strategy approved by the council's Executive in May 2005. Following the publication of the McClelland report the council has started a strategic review of its procurement function which expected to be completed by spring 2007.

139. Until recently each department has undertaken its own procurement arrangements, and the corporate monitoring arrangements have been unable to operate effectively. Departments will now identify a procurement champion who will work closely with the CPU.
140. The council is implementing an e-procurement system. This system was purchased following an evaluation of the Scottish Executive system in 2003 (PECOS). At that time the PECOS system was unable to meet a number of the council's specification requirements. The roll-out of e-procurement is being piloted within selected council departments, with planned dates for roll out across the rest of the council. It has not yet agreed how to identify and monitor efficiency savings achieved through e-procurement.
141. As part of a strategic commitment to engage with local suppliers the council held a workshop for suppliers based within the Scottish Borders region to outline to local suppliers the issues and criteria which the council must consider when tendering for goods or services. Due to the increased knowledge gathered from this workshop and pro-active work of local suppliers the council was able to offer a number of smaller contracts within the overall catering framework rather than one overall contract and still achieve efficiencies.
142. A Procurement Forum meets monthly, chaired by the CPU manager with representatives from the council's finance and legal functions and from each of the council's service departments. The forum aims to establish a corporate approach to procurement and to share information and legislative requirements between the CPU and departments.

Risk

The council is making good progress in developing a risk management strategy but it needs to embed risk management more firmly within its business planning arrangements.

143. The council has a risk management strategy which has been effective in communicating the high level roles and responsibilities for more effective risk management. It has also developed a risk register which is being rolled out across the council. The risk register was prepared following a two-year process led by the senior risk manager adviser, who chaired workshops with staff in every department within the council. These were used to identify and weight the risks faced by departments. The risk register has been prepared with the support and scrutiny of the Audit Committee.
144. The council has recently identified and prioritised the main corporate risks to the council, but it has still to develop a clear relationship between business planning and risk management. It is developing a formal training programme for managers.

ICT

The council has a robust ICT infrastructure but it lags behind other councils in delivering ICT-enabled customer services. It needs to develop performance measures for its IT services to inform future service delivery options.

145. The council's 2006-2009 ICT strategy has been updated to identify with the challenges of its rural population; in particular, the strategy has a focus on the Customer First programme which aims to improve public access to council services. The previous ICT strategy for the 2003-2006 period had a much narrower focus on IT infrastructure. The revised strategy also links better with other corporate objectives such as promoting flexible working. The council has established an ICT Sponsoring Group to help identify ICT priorities.
146. The strategy refers to external drivers such as the Scottish Executive's Customer First programme, but it does not incorporate existing IT projects such as its modernising government programme into the action plan. The action plan lacks specific objectives which would allow progress monitoring.
147. The strategy does not address wider issues such as delivery options for IT. It uses external supplier contracts and managed services to support the business, and it is currently undertaking a formal options appraisal for IT services. It is aware that it needs to investigate the option of a partnership to support future service delivery under its Customer First programme. The council needs to develop performance measures for IT to demonstrate the quality and cost effectiveness of its service and to help inform future decisions on service options.
148. The council has been slow to progress its modernising government agenda in terms of ICT and the use of internet technology to support customer services. Its vision is now set out in the Customer Services Blueprint which was produced in June 2006.
149. The Customer Services project is central to delivering front line services to the public from 'one-stop-shops'. It aims to develop face-to-face, telephone and web-based processes for some 40 core services identified by the national Customer First Program, including council tax, housing benefit, roads and lighting complaints and social work bookings. The pilot aims to expand the range of services provided from the Council Contact Centre in Hawick.
150. Although the programme has been slow to get underway the council is now approaching the pilot with strong programme and project management structures, including the chief executive as 'Senior Responsible Owner'. A Programme Board has been established and is making good progress with online planning, website development and smart card projects, but there is concern over the capacity of the council to deliver the programme. The Resource Management Strategy for the project notes significant risks regarding capacity and skills in areas such as project management, business

analysis and HR support. It notes the scope to for additional Modernising Government Fund funding and partnership options to address this, but these are not assessed in any detail.

151. The council has identified service quality benefits stemming from its Customer First programme but it has not yet quantified efficiency savings. It needs to manage the capacity risks it has identified and make sure it can quantify and realise the benefits arising from the project, particularly if these are to contribute to its efficient government savings targets.
152. The South of Scotland Broadband pathfinder project is a joint initiative with Dumfries and Galloway Council to increase the capacity of information and communications technology for local public services. The £27 million project is funded primarily by the Scottish Executive, and a supplier has been selected. A priority is to connect all secondary and primary schools to the broadband network to provide access to online education such as that provided by the Scottish Schools Digital Network initiative. Other planned benefits include video conferencing to reduce the need for staff travel.

Efficient Government

The council is engaged in a variety of efficient government initiatives including its Customer First Programme and an EGF Pathfinder pilot project on council tax collection. There remain further opportunities for the council to achieve efficiencies, for instance through its joint working arrangements, but it currently lacks systems for measuring and monitoring efficiency savings.

153. The council has identified £6.3 million of savings for 2006/07 in order to deliver a balanced budget. The aim is to achieve savings through effective delivery of its Customer First programme and its e-procurement programme. The council has not aligned these to the efficiency savings required by the Scottish Executive nor does it have a monitoring arrangement which enables the council to identify and evidence cash or time releasing efficiency savings.
154. Although the council has a close working arrangement with NHS Borders and other external organisations, it has not identified quantifiable efficiency savings which could be achieved through joint working and partnership arrangements.
155. In partnership with the City of Edinburgh and Fife Council, Scottish Borders is embarking on a national shared services pathfinder project. The aim is to identify shared service solutions in areas such as HR and payroll, which are capable of being rolled out to other councils in Scotland. The council has also been asked by CIPFA to take the lead in a review of best practice in the collection of council tax in Scotland.
156. The Scottish Executive has awarded £750,000 towards the costs of the pathfinder project. A procurement board has been established and a private sector partner is being selected for the project. Scottish Borders Council will contribute to the management and delivery of the project and will second officers to the joint project team for an 18-week period commencing in January 2007.

Equal opportunities

The council has made good progress with equalities but could do more in terms of staff training, and analysing information contained within monitoring reports to identify specific actions.

157. The council shows a good understanding of its statutory obligations under Equal Opportunities and how they apply to its local communities and staff. These are outlined in the council's corporate Equalities Policy. There is scope for a more strategic approach to equalities training and in supporting councillors in a stronger leadership role. A councillor has been appointed as equalities 'champion'.
158. The council is aware of its shifting demographics and how this impacts on service design and delivery, most notably, a growing elderly population and increasing numbers of migrant workers (Exhibit 10) employed in industries such as fish processing, agriculture and the care sector.

Exhibit 10

Case study – migrant workers

Migrant worker communities have become an increasingly important feature of local communities and the workforce within the Borders. So far, this has been largely seasonal, beginning in 2004 with workers coming in larger numbers. Between 500 and 600 mainly Portuguese migrants arrived to work in agriculture and since that time, increasing numbers of migrants from the Accession countries, Poland, Lithuania and Slovenia. These workers have been welcomed and are occupying 'hard to fill' vacancies in industries such as fish processing, agriculture and, more recently, care homes.

In recognition of the shifting demographics within the area and the need to provide services, the council in partnership with the New Ways Foreign (Migrant) Workers Support Group, has recently secured £80,000 Scottish Executive funding over two years to appoint a migrant outreach worker.

This post will support New Borderers in settling into communities and accessing services. The council has recently completed a Welcome Leaflet and Welcome Pack aimed at migrant worker providing a range of important information on council services, housing, medical and health services, translation and benefits services. Feedback received by the council from migrant workers has suggested these have been helpful in helping them to settle within communities. In developing these information packs, the council learned from good practice in other areas, such as Aberdeen and Aberdeenshire. The council has also been proactive in working with the local housing association to address the issue of affordable accommodation.

Source: Audit Scotland

159. The council has 36.5 per cent of women in the highest paid two per cent of employees compared with the Scottish average of 31.7 per cent. The council performs slightly below the average in respect of the top five per cent earners, 36.4 per cent, compared with 38.0 per cent in 2005/06. However, this reflects an improvement on its previous years' performance.
160. The authority produces statutory monitoring reports for Gender, Disability and Ethnicity. The council needs to look in more detail at the background to some of its performance. The 2004/05 monitoring reports show:

- that 0.1 per cent of all employees of Scottish Borders Council listed themselves as from an ethnic minority background. The local ethnic population is estimated at 0.6 per cent (Census 2001)
- there are significantly more female employees than male (70.5 per cent compared with 29.5 per cent), partly due to the large number of temporary and part time posts which are predominantly filled by female employees
- there has been a marked rise in the percentage of female employees at higher grades
- that 1.1 per cent of Scottish Borders employees described themselves as disabled with only 0.1 per cent of disabled employees leaving employment over the same period
- on average, slightly more women than men apply for posts, but the percentage of successful candidates are much more likely to be women; 70.8 per cent compared to 29.5 per cent
- women are more likely to take up equalities training opportunities at 75.4 per cent compared to 24.6 per cent.

161. The council has appointed a designated equalities officer who has responsibility for leading corporate equalities policy and liaising with other bodies. The council is engaged in an 'equality proofing' exercise to make sure council policies and strategies comply with equalities legislation and to make necessary amendments. The Committee reports template contains a reference to equalities implications making sure that equalities issues are brought to members attention in relation to each subject under consideration.

162. Training in equalities is provided for all new employees at Induction, but there is, as yet, no systematic approach for rolling out training to existing staff. At present, any such requests are supported by the equalities officer. Recently, an external provider has been appointed to develop an internal equalities training model which will cover all staff over a five-year period.

163. In 2005/06, the council reported that a high percentage (85.4 per cent) of its buildings from which it provides services direct to the public are suitable for access by disabled people.

Sustainability

Sustainability is supported corporately through the environmental strategy and related working groups. Scottish Borders Council has integrated social, economic and environmental aspects of sustainable development into its planning framework but needs to take a more consistent approach to using this information to support sustainable development activity. It could improve these arrangements further by developing appropriate performance targets and measures.

164. The council recognises that sustainability is an important issue for small rural towns and communities and is promoting sustainability through its local plan and also through specific initiatives such as the Heart of Hawick project.
165. Sustainable development is a supporting theme of the New Ways community planning partnership and is relevant to all of the community planning theme groups. Progress noted by the partnership includes: the publication of four Habitat Action Plans and the approval of the Sustainable Procurement Strategy in June 2006. Work is ongoing regarding the Rural Development Strategy, Climate Change Strategy, and the Tweed Catchment Management Plan and Sustainable Marine Environment initiative. The council recognises the need to develop sustainability indicators but also includes specific performance indicators relating to recycling, composting, and eco-schools registration.
166. Three corporate plan priorities relate to economic regeneration and environmental aspects of sustainable development: Strong, inclusive and safe communities; a robust and dynamic economy; and a protected and enhanced natural environment. The corporate plan includes targets to support these priorities.
167. The council has support mechanisms in place such as the Energy Efficiency Working Group and the Climate Change and Environment Working Group with remits to address environmental improvement. A joint member-officer working group is in place to progress the Corporate Environmental Action Plan and Energy Efficiency. There is also strong member interest in environmental and sustainability issues and an elected member chairs the climate change and environment working group.
168. The council includes environmental and business risk assessments in the Risk Commentaries sections for all committee reports. However, the use of these and the interpretation of environmental risks varies by author. The council needs a more consistent approach to using this information to support sustainable development activity.
169. The Corporate Environmental Action Plan (CEAP) sets out how the council aims to meet the environmental commitments set out in the community plan. It includes developing an Environmental Procurement Strategy; implementing the Eco-Schools Programme to all Scottish Borders Council schools; and setting up a 'Green Team' and 'green office' action plans. Improved performance indicators are needed to support community plan monitoring. The work of the green teams also needs to be better incorporated into the council's corporate activity.
170. Sustainable development is an underlying principle of the local plan in terms of economic, social and environmental aspects of proposed developments to the area. The council has supplementary planning guidance to support sustainable development and bio-diversity. The planning service also

uses development briefs to promote sensitive development from both a social and environmental perspective. The Biodiversity strategy incorporates a Borders' Wetland Vision, Scottish Sustainable Marine Environment initiative and a Woodland Strategy. The latter has helped to secure in excess of £1 million funding to help sustain diverse woodland and promote tourism. The Heart of Hawick case study (Exhibit 11) is a good example of how social sustainability issues have been considered in a town centre regeneration project led by the council.

Exhibit 11

The Heart of Hawick Project

The Heart of Hawick is a £10 million Arts and Culture Regeneration project. This major project is supported by European Union and Heritage Lottery Funding. The project involves converting two prominent, derelict historic buildings at the centre of Hawick into a modern arts and business complex and a family history centre.

Tower Mill, a former Victorian textile mill, complete with a large-scale water wheel in the basement, will become an arts centre with theatre, cinema, information and communications technology suite, artists' workshops, shop, café and exhibition space. The Heritage Hub building, the town's former corn exchange will be refurbished to house the Borders Regional Archive and a public access family history centre. The latter includes a genealogy centre – a growing alternative tourism area. The project will also see town centre improvements including car parking and a new footbridge/cycle bridge.

The project has been designed to help sustain the town centre and gain support from the community. Communications have included articles in *SB Connect*, newsletters, and tours for area committees. There is also a Community Working Group to involve representatives from the local community. The council also invited a local news representative onto the group to help inform public reporting. Schools have been engaged through tours, and 140 high school pupils were involved in market research in themes such as cinema and history. This approach helps local residents to gain interest and ownership and can help to prevent vandalism. The building also has features to 'design out crime' with outward facing areas and windows to make surrounding areas are highly visible.

The project aims to attract private sector expertise to run its cinema and cafes. For example the cinema will show first-run films but will be of limited capacity to prevent displacement from neighbouring towns. Gift shops will be introduced to widen appeal of museum areas. These attractions aim to create footfall and generate economic benefits to the area.

Pedestrian improvements have also been designed around the site including a footbridge to link a car park to the site and local shops. The bridge also supports the 'safer routes to school' initiative and has been specially designed to allow disabled access. The cinema theatre complex has also been designed with extensive Disability Discrimination Act adaptations to allow on-site disabled parking and disabled access to the stage and auditorium. The entire front row of the theatre can also be removed to accommodate groups of wheel-chair users.

Source: Audit Scotland

171. The council needs to make sure it captures activity related to sustainable development, including the CEAP actions, in its corporate and service-level action plans. This would help to both mainstream sustainable development activity within the council, and to integrate social, economic and environmental aspects of sustainability. The council would achieve greater accountability for these activities by developing more meaningful performance indicators and monitoring these

systematically, for example through its business plan monitoring approach. This would support the council's proposal to involve the PMP in monitoring progress with CEAP actions.

172. The Sustainable Procurement Strategy encourages local suppliers to tender for contracts and promotes the use of environmentally friendly products and energy use. The council is also developing an approach to ethical purchasing. Sustainability and environmental criteria are part of capital project evaluation.

Continuous improvement and competitiveness

The council has not completed half of its planned service reviews. The council needs to consider new options for packaging services if it is to attract market interest and demonstrate competitiveness. The council needs to focus its review activity on fewer more strategic reviews and communicate this throughout the organisation. It also needs to develop performance measures and the use of benchmarking to support continuous improvement.

173. In January 2004, Scottish Borders Council approved an Integrated Improvement Review Programme comprising over 40 reviews but the council completed fewer than half of these. The majority focused on narrow service aspects within departments such as planning and building control, although some more strategic reviews were included such as procurement and public transport policy.
174. The council needs a more focused review programme of strategic reviews that cover wider service or policy areas and deliver efficiency and financial savings of around five per cent. The CIP now includes three strategic reviews relating to community care; children's services; and council support services. As noted earlier in the report, the scrutiny panel is also aiming to deliver a more focused and strategic review programme, including a review of the council's statutory and regulatory services. Other review activity planned over the next year includes procurement, asset management, and the ongoing customer first programme.
175. The council has made significant changes to its service delivery approaches. These include transferring its housing stock to housing associations under the community ownership scheme; establishing leisure trusts for sports facilities and swimming pools; and establishing the new schools estate working team as part of the council's ongoing PPP programme. Much of this major review activity was triggered by government initiatives. Other review activity within the council such as service and scrutiny reviews lacked such a fundamental approach to considering service delivery options.
176. The council's Corporate Review Methodology was implemented from April 2006 to provide a more consistent approach to reviews. This includes guidance on a best value approach to reviews stressing the need to challenge services, compare performance, consult with service users, and consider service delivery options.

177. The council is beginning to take a more cross-cutting and a stronger project management approach to its review activity. However, it needs to more clearly identify the financial benefits of reviews and demonstrate that it has the capacity to deliver its emerging strategic review programme.
178. The education service has a positive approach to quality inspection in schools which complements the HMIE inspections (see paragraph 200). The council has also implemented IIP and externally audited quality systems in areas such as technical services and planning and economic development. The council is committed to rolling out IIP across the council.
179. The council has identified its roads maintenance and repair organisation, SB Contracts as a significant trading operation (STO) under the Local Government in Scotland Act 2003. This is primarily because of the high proportion of external trading undertaken by the operation. The STO is in its third year of operation and delivered a surplus of £0.48 million in 2005/06 which has resulted in the STO achieving a three-year cumulative surplus of approximately £1 million as at 31 March 2006.
180. Other commercial activities such as fleet management, cleaning and catering, and grounds maintenance are not formally identified as STOs. The council maintains trading accounts for these to make sure there is a degree of budgetary and management discipline. The council also operates engineering, architecture and estates to a trading account model and is aware of the need to identify further potential trading services to engender a stronger commercial discipline. [Exhibit 12](#) identifies when council services were last subject to market testing.

Exhibit 12

Services subject to competition

Contract	Provider	Date last subject to competition
Refuse collection / street sweeping	SBC	1994
Roads maintenance	SBC	In 2005/06 20% of the total revenue and capital budget was subject to tendering
Street lighting	SBC	Energy supply is tendered and amounted to 46% of the annual 2005/06 revenue lighting budget
Catering	SBC	Tendered 1998 Food supply partnership with private sector company.
Building cleaning	SBC	1996
Vehicle maintenance	SBC	Fuel – Sept. 2006 Tyres March 2003 8% of maintenance work is undertaken by outside repairers Vehicle procurement. Ongoing
Grounds maintenance	SBC	10% of turnover is competed for (and won) annually for selected works.
Housing repairs	Scottish Borders Housing Association	2003
Leisure	Scottish Borders Leisure Trust	2003

Source: SBC and Audit Scotland

181. Services are being incorporated into the regional waste strategy with the neighbouring Lothian councils. The council did not consider refuse collection and disposal services as a priority for market testing in the 2004/05 budget year due to the already low operating costs and the potential costs of a tendering exercise. These services will also form part of an ongoing regional solution to waste disposal which will itself be competitively tendered once approved by the Scottish Executive.
182. A tender exercise was held for catering services in 1998 but this failed to attract private sector interest. Cleaning services will be packaged into the schools PPP, and the council has opted to retain schools catering in-house to support its Hungry for Success programme. The council does tender for selective works and this allows some benchmark information to compare cost and quality. However, the council needs to consider new options for packaging services if it is to attract market interest and demonstrate competitiveness in some of its major contract areas. The regional waste strategy is such an example.

183. SB Contracts has a successful track record in winning external work with neighbouring councils and Scottish Executive trunk roads contracts. Almost 50 per cent of its £22 million turnover is won externally. In-house work is delivered to the same plant and labour costs and quality standards as external work.

Part 3: How are services performing?

Service performance is mixed with some services such as education, refuse collection and recycling performing well. There are other services which need to improve including planning, roads maintenance, aspects of criminal justice and delivery of the planned strategic review of community care

The council's SPIs have declined relative to other councils over the last three years and in 2005/06 had the third lowest rate of improvement of all Scottish councils. The council still has a fragmented approach to customer care with much variation across its areas and services.

Statutory performance indicators

184. Each year local authorities are required to report and publish information about their performance. This is done through SPIs. Audit Scotland collates the information received from all councils and publishes on its website a compendium of all SPIs and council profiles. The council profiles contain 78 measures taken from the SPIs. While these do not give a comprehensive picture of performance across all services, they do allow some comparisons to be made between councils and over time.

185. The 2005/06 council profile show that the council had 18 indicators in the top performing eight councils in Scotland and 19 in the poorest performing eight councils ([Exhibit 13](#)). The council ranks 30 for the ratio (0.8) of improvement to decline across all SPIs. This is an improvement on last year's figures when it showed the lowest rate of improvement. It is important when considering this latter point that the council's rate of improvement is considered alongside the numbers of SPIs that are already amongst the best performing eight councils in Scotland. In 2005/06, the council had slightly below average proportion of SPI's amongst the best performing councils in Scotland and an above average proportion of SPI's amongst the worst performing councils. During the same period there were no unreliable indicators and no failures to report for Scottish Borders Council.

Exhibit 13

Scottish Borders Council Profile 2005/06

	Upper quartile	Middle quartiles	Bottom quartile	No service
Adult Social Work	4	12	5	0
Benefits Administration	1	0	2	0
Education and Children's Services	3	5	2	0
Corporate Management	6	4	1	0
Cultural and Community Services	0	5	3	0
Development Services	0	0	2	0
Housing	1	0	1	6
Protective Services	1	4	1	0
Roads and Lighting	1	1	2	0
Waste Management	1	3	1	0
Total:	18	34	20	6
Scottish Average	20	42	16	

Source: Audit Scotland

186. Over the last three years the profiles show that the council's performance has improved by five per cent or more on 16 measures and declined by five per cent or more on 20 indicators (Exhibit 14). However, the council's performance improvement trend over the last year is more promising. Of the 2005/06 profiles, 56 of the 78 indicators allow comparison with the previous year, and of these the council has sustained or improved its performance in 32 indicators, that is 57 per cent of indicators.

Exhibit 14

Council profiles: Performance change between 2003/04 and 2005/06

	Performance change between 2003/04 and 2005/06					
	Measures that worsened by ...			Measure that improved by ...		
	> 15%	10 – 14%	5 – 9%	5 – 9%	10 – 14%	>15%
Scottish Borders	10	9	1	2	3	11
Scotland average	7	3	3	3	3	12

Source: Audit Scotland council profiles 2005/6

187. Significant improvements in performance include:

- the proportion of home care clients receiving personal care
- occupancy of primary schools

- the attainment of looked-after children
- the number of public service buildings accessible to disabled people
- the percentage of homelessness cases requiring to be reassessed.

188. Most of the top performing indicators are being sustained including refuse disposal costs and the collection of council tax income. Indicators that have declined in performance and are no longer in the top performing eight councils include the cost of collecting council tax per dwelling, swimming pool attendance, traffic light repairs and refuse collection costs and complaints.

189. The majority of the lower ranking indicators have improved, but remain in the lower quartile. Four of these indicators have improved to the extent that they no longer rank in the eight worst performing councils: replenishing library stock for adults, food hygiene inspections, street light repairs, and privacy in residential places.

190. In 2004/05, Scottish Borders ranked among the lowest eight councils in Scotland for 17 indicators. By 2005/06 the council had not shown significant improvement in the following indicators:

- the percentage of all planning applications dealt with within two months
- the percentage of consumer complaints processed within 14 days
- the percentage of invoices paid within 30 days
- the number of library borrowers as a percentage of the resident population.

191. The council anticipates further improvements in its reported performance for 2006/07 in areas such as planning applications, recycling, and the completion of homelessness duties, largely as a consequence of implementing its new performance management framework. It has identified a number of indicators that will be monitored closely to help drive up improvement.

Customer focus and responsiveness

The council has a fragmented approach to customer care. It is developing a customer care policy and has recently introduced a complaints system. The council needs to rationalise its customer service points as part of its customer first programme.

192. The council has a fragmented approach to customer care across the Borders with limited integration of existing customer service points. The approach has mainly been defined by the arrangements in place in the former District Councils.

193. There are 31 public-facing offices designated as contact centres or area offices, each providing different configurations of services. Twenty-four of these service points are based in the four larger towns of Peebles, Galashiels, Duns and Hawick, with each of these towns having at least five local

offices/reception areas. The council headquarters in Newtown St Boswells has reception areas for technical, environmental, social work and revenues and benefits services, as well as a general reception area.

194. Typically there are separate offices or reception areas for different service areas. As an example, Duns, which has a population just over 2,500, has six separate service points including environmental health, a registrar, an environmental area office, a planning office, a corporate resources office, and a revenues and benefits office. The council does not have a common telephone number for local services and customers need to use separate numbers for each office. Conversely Eyemouth does not have dedicated council offices, but has a single local office which is designated as a contact centre to provide a first point of call for all services. The council lacks a formal approach to customer services, but employees use local knowledge and relationships to ensure that customers are appropriately directed.
195. As yet the council has not identified its model for delivering customer services or identified potential savings from office rationalisation. This will need to address remote access to council services for those in hard to reach communities. The council recognises the need to rationalise premises including public reception areas as part of its customer first programme. The customer first pilot in Peebles aims to expand the range of services provided from the revenues and benefits office.
196. The council has introduced customer feedback and complaints procedures. The council website also allows online feedback and complaints which can be directed to a councillor, the council or the social work service. The council is developing a wider customer care policy to make sure the public are aware of how to access services and what service standards to expect.

Service performance

197. The council closely aligns its service provision to the community planning themes:
- Learning for everyone – education and cultural services.
 - Improved health and well-being – social work.
 - Well connected Borders – technical services.
 - Strong and inclusive communities – social work/planning and economic development.
 - Protection and enhancement of the environment – planning and economic development.
 - A robust and dynamic economy – planning and economic development.

Learning for everyone

HMIE reports confirm that the council has made significant progress in implementing changes since the problems in the education service five years ago. Attainment in Scottish Borders schools is higher than the national average. Community learning and development services are in transition and have some way to go to become a fully modernised service.

198. The education department experienced a much publicised budget overspend in 2000 which attracted considerable adverse media attention locally and nationally. Immediate action was taken to tighten financial monitoring systems and produce a Recovery Plan. A new director of education and lifelong learning was appointed in 2002 who, supported by an interim EMT, led an internal change programme with significant organisational restructuring.

199. Since the service failure, the council has undergone a number of HMIE follow-up inspections to monitor progress. These reports have noted significant improvements in service management, budget monitoring and the introduction of a Quality Improvement Framework (QIF) within schools, restructured community learning and development services, the school estate management plan, and an integrated approach to child protection.

200. Specifically, the most recent follow-up (February 2006, published May 2006) commends the authority on:

- progress on establishing a clear 'new vision' for the education service
- the introduction of a quality improvement framework and a programme of quality improvement assessments in schools
- improving communication between schools and departmental headquarters
- developing a programme of Best Value and school reviews.

201. The follow-up inspections also identified areas where further improvement is needed:

- leadership development and communication within the service, particularly important given the rurality of the area
- ensuring that the 'new vision' impacts directly within schools
- maintaining overall improvement in attainment.

202. The most recent letter from HMIE in May 2006 notes that 'levels of attainment in a number of areas had improved' since its January 2005 report. It concludes that due to the 'continued good progress in addressing inspection report action points, progress will be monitored through the work of the District Inspector'.

203. The council has introduced a QIF for the education service ([Exhibit 15](#)). This has led to improvements through involving stakeholders, including school pupils, in evaluating the work of their school, and identifying priorities for improvement, developing strategies to raise the attainment levels.

Exhibit 15

Quality Improvement Framework:

Introduced in May 2006, the Quality Framework has already led to improvements within schools in building support networks.

Under the Framework, Quality Improvement Teams (QITs) comprised of Quality Improvement Officers (QIOs) assess school performance across the authority. This process allows good practice to be identified and shared across schools and addresses under-performance in schools proactively, systematically and supportively through an ongoing programme of assessments, follow-ups and support packages. The assessments are timed to fall mid-way between HMIE inspections covering all Secondary (six years before or after a HMIE inspection) and Primary schools (three and a half years before or after a HMIE inspection).

In carrying out the inspection, QIOs consult with a range of stakeholders including pupils, teaching staff and parents' representatives. Schools can expect to receive up to three QI visits per year: the first to carry out the assessment, a second only if follow-up issues are identified and a third to review progress on the school's Action Plan. The actual on-site assessment lasts around three or four days. The findings of assessments are moderated through the internal Schools Strategic Policy Group (SSPG) which includes Head teachers. Following each HMIE Inspection, a summary report and Action Plan are submitted to PMP and are provided to all Members. There are plans to undertake 12-14 such school assessments per year.

The need for a similar approach, albeit one tailored to the specific context, has been identified for the other services of the Department, in particular Community Learning and Development (CLD).

Source: Scottish Borders Council

204. Attainment levels are consistently high in Scottish Borders schools – pupils perform better at all stages and against all criteria. S2 attainment in Mathematics and SVQ attainment showed a decline in 2004/05 but recent figures show this trend has been reversed. Attendance levels are close to the national average in both primary and secondary schools.
205. All but 0.03 per cent of children identified with additional needs are educated within their communities. The council's performance on the SEN indicator in 2004/05 was poor – much more than the national average of 24 weeks to complete an assessment of special needs. This was due, partly, to persistent difficulties in recruiting a Psychologist – this has been resolved and 2005/06 figures show some improvement.
206. CLD design and deliver a diverse range of creative, learning, leisure and community development activities for people of all ages and from all sections of the community. The service was reviewed during 2005/06 and led to a major staff restructuring exercise. The objective is to modernise the service and shift the focus to front-line service delivery through joint local action plans which target resources to address local and national priorities.

207. Eight sport and leisure facilities are delivered through the Jedburgh Sport and Leisure Trust (JSLT) and the Borders Sport and Leisure Trust (BSLT). Both Trusts monitor progress against common objectives through Business Plans and report quarterly to elected members through the PMP. Joint working takes place with NHS Borders Primary Care to deliver health promotion activities.
208. The management of the schools estate continues to be a major strategic issue. Small schools with low rolls are a feature of most rural authorities, resulting in considerable potential challenges in respect of maintenance, health and safety and educational standards. Although the council has shown itself able to make difficult decision about closures in the past, it continues to face similar pressures (Exhibit 16). The PPP Programme, initiated in 2003, will deliver three new High Schools in 2008 at an investment of £104 million.

Exhibit 16

Small Schools Review and Policy

The council has recently completed a review of Small Schools and has concluded that there is no need to close additional facilities at this time. The review provides a methodology for assessing the continuing viability of small schools. The findings have provided information on the condition, rolls and catchment areas of the schools which will be useful in planning future schools provision.

The Small Schools review covered all schools with fewer than 75 pupils. The UK national definition of a small school is a school of fewer than 200 pupils but this was deemed not applicable for the Scottish Borders where the average school roll is only 120 pupils. Consultation with the various stakeholders, including teaching staff and communities, has played a major role throughout the review process. The needs of children were central to the process and objectives of the Small Schools Policy which balances Best Value considerations with stakeholder concerns.

The entire review process took place between October 2005 and April 2006. Based on information on all 25 schools, eight schools were identified for a more detailed review. This review was conducted by the Schools Review Committee comprising representatives of teaching staff, School Boards and portfolio holders for Enterprise and Lifelong Learning. Update reports were made via the Education Executive.

The findings of the review identified one school for further review in December 2006 and one other school to be reviewed again if its school roll falls to a specified level. All other schools will be reviewed again in 2007/08. The Small Schools Policy will be refined following the review and it is intended to resubmit the policy to the Education Executive in November for final approval. Further consultation with parents and school staff will conclude at the end of 2006.

Source: Scottish Borders Council

Improved health and well-being

The council is making good progress following a high profile service failure in learning disabilities. It has implemented joint working arrangements with NHS Borders but needs to develop these further. The criminal justice service performs well in respect of its SPIs, received a 'satisfactory' rating from SWIA and has IIP accreditation. The overall level of homecare provision remains a challenge for the council.

209. In 2002, a high profile case of abuse highlighted fundamental shortcomings in the council's learning disabilities service as well as the role of the NHS Borders and Lothian and Borders police. A joint report by the Mental Welfare Commission and the social work services noted poor management of multi-disciplinary cases, a lack of management and staff expertise, and inadequate procedures and coordination with other agencies.
210. In the last three years the social work service has undergone a major programme to review its service delivery practices and train its staff. The *No fears as long as we work together* follow-on report in October 2005 identified mostly good progress regarding the 33 recommendations made in the earlier report and noted significant improvements in leadership and management. Further improvement was needed in the monitoring and reviewing of case files, frequency of social work contact with clients, and the transfer of cases. The council also established an innovative multi-agency Critical Services Oversight Group comprising chief executives of the council, NHS Borders and the Lothian and Borders Police Divisional Commander to manage high risk cases.
211. Since the time of the follow up report, the council has implemented a jointly managed learning disability service with the NHS and has introduced independently chaired committees for the protection of children and vulnerable adults.
212. The health and well-being objectives in the New Ways community plan and the council's corporate plan set the priorities for social care. These priorities reflect national objectives including developing community-based care across all client groups. The Scottish Borders Community Health and Care Partnership (CHCP) is responsible for delivering this joint health and social care agenda, with progress being monitored by both the CHCP and New Ways partnership. The CHCP has membership from the NHS Borders, Scottish Borders Council, and the voluntary and independent sector.
213. The 2005-08 integrated children and young people's strategy 'Bright New Futures' identifies Borders-wide actions such as co-located services, multi-agency training and an integrated children's record. The action plan needs to develop specific targets and a monitoring framework that links to the community plan, corporate plan and service plan objectives. The proposed strategic review of children and young people services will be the main vehicle for progressing the co-located services model, but the review process will not commence until 2007. The council would also benefit from clarifying the potentially complex planning and management structures for children's services.
214. The council has a well established multi-agency child protection unit in Galashiels. The unit receives a relatively high number of referrals at some 25 per month, but has proportionately fewer children on its child protection register than the national average. The unit takes a joint investigative approach taken in identifying risk and the council holds regular reviews of children who have been on the register for over six months, with some 95 per cent of cases being reviewed on time.

215. The council has introduced more community-based care and has established a 24-hour homecare service. It has also introduced Free Personal Care with a clear assessment process. Since 2003 the number of residents in care homes has fallen by nine per cent and the proportion of clients receiving in excess of ten hours of homecare per week has risen by 20 per cent. However, the total number of home care hours has declined significantly over recent years and the council ranks 20 in 2005/06 regarding the overall level of homecare provision.
216. The council's strategy for buying-in services from external providers is central to meeting future care needs resulting from the projected increase in the number of older people by some 30 per cent in the next 12 years.
217. The council adopted an outline commissioning strategy in April 2006 to focus in-house provision on more intensive and complex care including dementia, and to engage the external sector in generally lower levels of care. The council introduced new eligibility criteria in April 2005 to prioritise care for those of the highest level of need and risk. The proportion of care procured from the external sector is anticipated to rise from 24 per cent to 53 per cent under the new commissioning and eligibility approach.
218. The council's proposed strategic review aims to reconfigure services and implement the new commissioning approach. Savings targets of the order of £490,000 have been set for 2008. However, the initial business case does not quantify the benefits of the project in financial terms, and the risk assessment notes that the cost of re-designing services as an area of potential concern. The council has set an ambitious timetable to implement the review findings by November 2007. If the council is to meet this timescale it will need to develop its joint planning and commissioning approach with the NHS and the voluntary sector and identify effective joint working practices for homecare.
219. In 2005/06, the council performed well in those SPIs that relate to criminal justice activity, submitting all social enquiry reports to courts by the due date, and ranking nine in the proportion of new probationers seen by a supervising officer within one week.
220. The council is part of the consortium of Lothian and Borders Criminal Justice services which was inspected by the SWIA in 2005. The consortium received an overall satisfactory rating and its risk approach for violent offenders was identified as an area of good practice. However, the council was identified as having a lack of quality control in Social Enquiry Reports, higher breach rates for probation orders, delays in completing community service orders, and a lack of specific measures in supervision plans. The council is addressing these quality of service issues through a case file and training audit and is introducing a stakeholder feedback process. The service has Investors In People accreditation.

Well-connected Borders

The council has yet to finalise its local transport strategy and assess its ability to meet its roads maintenance and road safety targets. The council is making good progress with the Waverley railway project.

221. The council is updating its Local Transport Strategy to tie in with the National Transport Strategy. The revised strategy will assess the impact of major projects such as the Waverley railway and the need to improve the roads infrastructure and public transport. Stakeholder consultation is underway and the draft strategy is expected by April 2007. The council is also contributing to the development of a Regional Transport Strategy for the south east of Scotland with partner authorities.
222. The council is exploring approaches to improve public transport services to marginal communities. These include examining 'on demand' public transport as used in other councils across the UK, and changes to scheduled bus services to provide public transport to major centres of employment and tourist attractions.
223. The Waverley railway project is a joint initiative between the council as project managers, Midlothian Council, and City of Edinburgh Council. The project aims to re-establish a passenger rail link between Edinburgh and the Scottish Borders. Construction is due to start in winter 2008 and the line is scheduled to be operational during 2011. The total estimated capital cost of the project is approximately £174 million, of which around 85 per cent will be funded by the Scottish Executive. The total estimated value of benefit to the areas served by the railway has been assessed at over £500 million over a 30-year period.
224. The Waverley railway project is intended to better connect the Borders region with Scotland and the rest of the UK. It will also provide a transport solution to counter the high commuter volumes between the Borders and Edinburgh on a limited roads network. The council has assessed the habitat and biodiversity impacts of the Waverley project, particularly with regard to its numerous crossing points over the River Tweed. It has used environmental records to help to satisfy Scottish Natural Heritage that the project can progress without a negative impact on the environment. This proactive approach has helped the project to gain Parliamentary consent.
225. SPI performance on council roads, street lighting conditions and repairing traffic lights are below the Scottish average. Street light repair times are improving with 88.4 per cent of repairs completed within seven days, ranking the council 23 in Scotland.
226. In 2005/06, the Scottish Borders ranked 30 among Scottish councils for the proportion of its roads network that should be considered for maintenance treatment 50.8 per cent against a target of 42.6 per cent. The council is part of the national initiative to implement the SCOTS (Society of Chief Officers of Transportation in Scotland) roads asset management model to identify and prioritise roads

maintenance. This includes participation in a four-year road maintenance condition survey which will help to prioritise future spending. However, the council has stated that it will not meet its 2006/07 target of 42.6 per cent due to a shortfall in funding caused by demands in other council services such as social work. The Scottish Executive's ten-year roads condition target aims for only 13.5 per cent of Scotland's roads being considered for maintenance. This long-term target is therefore a major funding challenge for the Scottish Borders.

Strong, inclusive and safe communities

The council is developing a strategic approach to sustaining its communities, including updating its housing strategy. The council needs to focus on improvement in critical areas such as the viability of small schools and the performance of the planning service.

227. The council is developing a more strategic approach to sustaining small towns. The council's local housing strategy is being updated following a housing needs assessment survey. The strategy will need to take into account the Waverley rail project which is likely to attract new residents to the area.
228. The council has a positive focus on regeneration and is piloting new approaches to engage citizens to identify local needs. These include developing small towns' strategy and local community action plans eg, a pilot in the Burnfoot area in Hawick.
229. The council transferred all of its housing stock to the Scottish Borders Housing Association in 2003. The council established standards against which to monitor service development and investment aspects of the transfer. These took account of the results of a tenants' ballot and were aligned with the Local Housing Strategy. The report for 2004/05 notes satisfactory progress in 21 out of 22 of its criteria. The council is clarifying the reporting arrangements for the housing strategy and housing stock transfer monitoring to remove areas of overlap.
230. Following the stock transfer, the council nominated a head of service to maintain links with the housing associations and to sustain its housing strategy and homelessness duties. The Scottish Borders Housing Forum has also helped to maintain links between the housing associations, Communities Scotland, and the council.
231. The number of households assessed as homeless or potentially homeless during the year has risen from 480 in 2004/05 to 560 households in 2005/06, an increase of 17 per cent. This in part reflects changes in government legislation which widen the criteria for those assessed as potentially homeless.
232. The council established a Homelessness Improvement Group comprising the council, NHS Borders and the four chief executive officers of the local Registered Social Landlords. At the time of the audit the council has not identified sufficient affordable housing provision to enable it to meet the

homelessness targets set by the executive. A housing needs assessment exercise is being undertaken to revise the affordable housing targets set in the Local Housing Strategy.

233. The director of planning and economic development is a member of the Scottish Borders Housing Forum. This arrangement ties together the Local Plan and the Local Housing Strategy. For example the target for new housing provision in the Local Housing Strategy has been revised from 2,700 to 3,600 to reflect the Waverley Line decision which will encourage more people to re-locate in the Borders and attract developer interest.
234. The Local Plan is at local inquiry stage and the council used a wide range of website, local meetings, and publications media to consult with the community over its content. Sustainable development is a key principle and the plan notes the need to assess environmental impact and provide practical guidance on achieving bio-diversity. The plan includes quality standards for new developments in areas such as appearance, energy use, 'designing out crime' and sustainable urban drainage.
235. The performance of the planning application service as measured by SPIs has been deteriorating and the council remains in the bottom quartile among Scottish councils for the time to process planning applications. This service was subject to a review in 2000 which led to significant improvements, however from 2003 onwards, performance has declined due to a further increase in the volume and complexity of applications and staff resource issues. This is an important area given the planned Waverley Project and the council needs to be sure that its service is able to meet the potential demands on it in the future.
236. A 2006 review carried out by the council built on the work of the earlier review. It noted poor morale exacerbated by accommodation and workload issues. It recommended that the head of planning and building standards have more delegated powers for decisions on minor applications. Performance is improving but still falls far short of national planning targets for dealing with planning applications within two months – 56 per cent against a target of 80 per cent for all planning applications; and 73 per cent for householder applications compared to a national target of 90 per cent.
237. The planning service is developing its service to allow e-mail and internet access to planning information. The Pendleton Criteria used in England and Wales to rate planning authority websites have been applied to Scottish planning authority websites – Scottish Borders currently scores 16 out of the maximum of 21 points rating, the average score for Scottish Authorities was 11.7 at the time of the December 2005 survey.
238. The multi-agency Scottish Borders Community Safety Forum is led by Scottish Borders Council and Lothian and Borders Police. It has implemented an antisocial behaviour unit in Jedburgh, which has a freephone number. The unit has an intelligence led approach to antisocial behaviour across the Borders and has obtained 26 criminal antisocial behaviour orders on conviction. A community

wardens service has been developed in Galashiels and Kelso and in its first two years of operation the number of neighbourhood disputes has declined.

239. The council's 2002 Road Safety Plan noted a reduction in fatalities or serious injury in line with the national average. However, recent figures have shown the number of serious and fatal casualties varies year by year and in 2005 rose to approximately 140, the highest level for ten years. An increase in motorcycle accidents has contributed to this.
240. The council is developing a plan for improving road safety through roads design, education and enforcement. This builds on the roads safety measures identified in its existing Transport Strategy. To achieve this it has expanded the membership of its Road Accident Management Group to include community safety partners and is taking a number of initiatives to promote road safety.
241. The council intends to draft an updated Road Safety Plan by March 2007. The Roads Accident Scotland Target is to reduce the number of serious and fatal casualties by 40 per cent from 1996 to 2010. This would mean almost halving the current level of casualties, which, given recent trends is a very challenging target for the council.

Protection and enhancement of the natural environment

Although still some way below the national average the council has greatly improved its recycling performance and introduced a more responsive approach to local services. It now needs to review the cost effectiveness of its operations

242. The council's refuse disposal costs are the lowest in Scotland at £33.50 per property, compared with an average in 2005/06 of £63.20. The council maintains low operating costs through having local landfill sites. Refuse collection costs have increased by 17 per cent in the last year due to the introduction of recycling and now rank 20 in Scotland at £60.15 per property. There has, however, been an increase in complaints and queries following the introduction of kerbside recycling.
243. The council has lagged behind other councils in introducing recycling and was among the lowest performing councils in 2005/06 achieving only 16 per cent recycling of municipal waste compared to a national average of 24.7 per cent. This is, however, more than double the 2004/05 rate of 7.9 per cent. The council was awarded approximately £16 million from the Scottish Executive Strategic Waste Fund in 2004. This has mainly been used to finance new infrastructure for the collection and separation of recyclable materials in waste depots.
244. The council has introduced kerbside recycling to 53,000 households and the current un audited (2006/07) figures show it being close to achieving the national target of 25 per cent recycling. In order to sustain this improvement, and meet its 2009 target of 37 per cent, the council intends to identify commercial waste recycling initiatives and maintain its progressive publicity and media campaign

which included a telephone helpline service to deal with frequently asked questions, information leaflets, members bulletins and radio broadcasts on the benefits of recycling.

245. The council is progressing the second phase of its waste strategy under an Area Waste Board with the four neighbouring Lothian councils. The Board will submit an outline business case to the Scottish Executive which will take account of the closure of local landfill sites, assess options for the external treatment of waste, and complete the programme for building four new transfer stations (two have already been built).
246. The council performs around the national average in its street cleanliness index. The council introduced an area management pilot in 2002/03 based on the experience gained in some urban and suburban authorities, but not yet trialled in a rural setting. It introduced a highly visible area manager to be accountable to the local community through the local area committee in Tweeddale. In 2004, the pilot introduced SB Local, a dedicated works team to initiate and respond to minor local roads and environmental maintenance.
247. The council's initial evaluation of SB Local in 2004 noted the success of the pilot with 88 per cent of calls dealt with within three days; high customer satisfaction with 72 per cent rating the service as good or excellent; and only three per cent of requests referred on to roads and environmental services. As a result of its success the pilot was rolled out across all areas in 2005/06 to provide a rapid response to minor day-to-day environmental issues that affect roads, parks and cleansing.
248. Area committees receive update reports on works undertaken by SB Local. Performance in 2005/06 has been sustained with 90 per cent works completed within three working days and only two per cent of work forwarded to other services. The council now needs to review the overall cost effectiveness of the service and customer satisfaction levels in order to inform future delivery options.

A robust and dynamic economy

The council is actively promoting the economic needs of the Borders and developing partnership working with the local enterprise and tourism agencies. It needs to develop targets and performance monitoring for economic development. It also needs to identify future options for its business premises portfolio.

249. The majority of jobs in the Borders are in public administration, health and education. Manufacturing accounts for a fifth of the area's employment, and in common with the rest of Scotland is declining, particularly in areas such as textiles. The biggest employment growth areas are distribution, hotels and restaurants and construction. Employment in public administration, education and health is increasing in the Borders at a higher rate than nationally. Scottish Enterprise Borders (SEB) is supporting business sectors including agriculture, tourism, food and drink and energy. SEB note a

key issue is to increase the productivity of Borders businesses, including developing larger scale companies to exploit trade in the north of England and wider export trade.

250. The council has developed its role in economic development to remove areas of duplication with SEB. The council focuses on managing a business premises portfolio to support small to medium sized businesses and promoting inward investment, tourism, and events management. Responsibility for the business support grant scheme has been transferred to SEB. Training and employment initiatives are delivered through the department of and lifelong learning, the New Ways Partnership and SEB in conjunction with the Borders College. SEB have supported over 100 businesses with a workforce development programme to improve productivity and skills. This provided certified vocational training to over 700 individuals.
251. The council has a partnership with Visit Scotland Borders and contributes some £212,000 annually to the agency to support tourism in the area. The council is amending its partnership agreement to provide greater financial transparency by targeting spending to specific marketing projects. The council has a member-officer group on tourism which helps to identify how council services such as roads, litter and public conveniences impact on tourism. Visit Scotland and the council are in the process of preparing a five year tourism strategy to relate local tourism needs to the National Tourism Strategy.
252. The council's economic priorities link to the community plan and the corporate plan. These include promoting business start-ups, inward investment, tourism and the re-instatement of the Border's railway. Progress is reported to the New Ways Forum but is not systematically monitored across the whole range of activity. The council needs to develop clearer overall targets for economic development activity and identify specific performance measures to support these.
253. Progress noted in 2005/06 includes Parliamentary approval for the Railway Bill, 80 per cent occupancy of industrial units and 230 new business start-ups.
254. The planning and economic development department manages a substantial industrial property portfolio to support businesses with their accommodation needs. There are 262 properties with an estimated asset value of some £18 million. The council has not rationalised this portfolio since it was inherited at the time of local government re-organisation in 1996 and lacks management information on the costs and benefits of maintaining the portfolio. The council has been slow to commence a review of its property management role but is now at the preliminary stages of such a review. This activity has not yet been incorporated into the council's corporate asset management approach.
255. In July 2006, the Scottish Executive and Department of Trade and Industry (DTI) proposed that the Scottish Borders lose its Assisted Area Status. Scottish Enterprise Borders administers this

discretionary regional assistance and allocated some £8 million in the period 2000-2006 to support more than 30 companies following the economic downturn in the 1990s.

256. Local politicians and council officers are lobbying the Scottish Executive and DTI to contest the loss of Assisted Area Status. The council has also been lobbying and working with the Scottish Executive regarding the Rural Development programme for 2006-2013 and the case for a continuing regional delivery systems including the Leader Plus programme in the Borders. The council is aware that, depending on the success of these proposals, there may be a need to carry out an economic impact analysis of these funding changes. This will build on the council's existing approach under the South of Scotland competitiveness strategy to identify funding opportunities from a range of local, national and European bodies, to meet development and investment priorities.

Part 4: What needs to improve?

The council has a good self awareness and is clear about what needs to improve. It has effective leadership and focus which has allowed it to make significant recent improvements in education and social work services. This experience has contributed to the improvement focused culture which is developing across the council.

The council's improvement plan is challenging. Many of its arrangements are relatively new. The council needs to build on key aspects of its scrutiny framework to monitor and evaluate the progress which is being achieved in embedding these arrangements and delivering tangible improvements for the communities it serves. It needs to make progress on other key aspects of Best Value such as performance management, community engagement, procurement and, asset management.

Most important is the need for the council to develop a sound understanding of its capacity to enable it to prioritise its short, medium and longer term improvement priorities and allocate resources accordingly through its planned BTP.

257. Continuous improvement in public service and governance lies at the heart of Best Value and Community Planning. Local authorities must develop an improvement culture across all service areas. Elected members and officers have to focus on policy objectives and the needs of service users and communities. They must be 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.
258. The council has effective leadership and is investing in building capacity through its new senior officer appointments, its SB Manager, new processes such as the Performance Management Framework, and the planned BTP. This is underpinned by good and effective relationships between elected members and officers. Through the recent period of significant change, the council has remained focused on its priorities and the things it needed to improve. Its achievements in improving its education and learning disabilities services demonstrate the council's ability to deliver planned improvement at a time of pressure and upheaval. The council's focus has only recently moved to the broader best value agenda. It is clear about the improvements it needs to make and is developing a positive momentum and culture of change.
259. The council has shown high levels of self awareness through its best value submission and associated improvement plan. Many of the improvement actions identified by the council are consistent with the findings of this report. The council's improvement plan, nevertheless, contains a challenging range of improvement areas. The council has had a corporate approach to improvement planning for some time, and can build on this to provide a clear focus for its short, medium and longer term improvement priorities. Fundamental in determining such priorities is the need for the council to

develop a sound understanding of its capacity. Without basic resource information such as time and skill availability, the council is at higher risk of not succeeding in its planned BTP.

260. The council needs to consolidate the work it has started, to ensure that the arrangements it has put in place, some of which are very recent, become consistently embedded across all its operations. The council has in place a sound framework for scrutiny. These arrangements can become more effective by developing a more strategic focus, and should be better informed by the availability of good quality performance information, once the Covalent system is fully implemented.
261. The following improvement agenda sets out a number of high and medium priority actions designed to focus the council on areas for improvement. This improvement plan is designed to build on the momentum that already exists and will provide the basis for review and monitoring by the council's external auditor over the coming three years.

Scottish Borders Council improvement agenda

Immediate

Maximise the opportunity presented by the BTP to develop a coordinated short, medium and longer term change programme which is underpinned by a robust evaluation of the necessary and available capacity.

Develop a more strategic approach to community engagement and consultation which identifies how and why the council is consulting and makes provision to feedback the results of its consultation and engagement activity. This approach could also make better use of existing area committee structures.

Re-focus community planning activity on the agreed strategic themes and develop appropriate mechanisms to monitor its progress.

Focus attention on poorer areas of service performance such as planning, aspects of criminal justice and roads maintenance.

Develop a more strategic corporate approach to capital planning, asset management and workforce planning.

Develop a strategic customer care policy which links with the council's Customer First pilot and a broader corporate IT Strategy.

Develop a robust approach to competitiveness which considers a more strategic programme of reviews and which covers a mix of service based and cross cutting areas, bench marking, options appraisal and how the council intends to develop limited markets.

Clarify the roles and responsibilities of the scrutiny committees and refocus challenge at an appropriate strategic level.

Increase the pace of improvement in procurement arrangements.

Identify appropriate mechanisms for monitoring and measuring planned efficient government savings.

Medium term

Implement the council's PMF on a consistent basis across all services and improve the quality of information provided to elected members.

Develop clear linkages from the community planning vision through priorities and performance indicators.

Ensure that public performance reporting is up to date and provides a rounded picture of services and community planning.

Scottish Borders Council

The Audit of Best Value and Community Planning



If you require this publication in an alternative format and/or language, please contact us to discuss your needs. It is also available on our website: www.audit-scotland.gov.uk

Audit Scotland
110 George Street
Edinburgh EH2 4LH

Telephone
0845 146 1010
Fax
0845 146 1009