

The Audit of Best Value and
Community Planning

Comhairle nan Eilean Siar

A follow-up report



Prepared for the Accounts Commission
December 2012

The Accounts Commission

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

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

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

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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Commission findings



1. The Commission accepts the Controller of Audit's report of the progress made by Comhairle nan Eilean Siar (the comhairle) in responding to its findings in relation to the report of the Best Value audit of the comhairle published in November 2011.

2. The Commission recognises the progress made by the comhairle. It is encouraged by the improvements in the comhairle's arrangements for managing performance and finance. In particular, it notes the potential of the performance management system in supporting elected members to monitor and scrutinise the comhairle's performance and impact more effectively. This potential has yet to be fully realised.

3. The Commission, however, notes with concern that some areas have not progressed. It is concerning that the comhairle is still not able to gauge effectively the satisfaction of customers. Significantly, it also needs to make more progress in how it manages its workforce. Completion rates for performance appraisals need to improve further and the comhairle needs to address more clearly the rising sickness absence levels. It is also important that the comhairle delivers its improvement plan that it has put in place to respond to the findings of its staff survey.

4. This report represents a baseline for improvement. The Commission encourages the comhairle to increase the momentum of improvement. To this end, the Commission asks the Controller of Audit to monitor progress and report on progress at an appropriate time within the next 18 months.

Introduction



1. The statutory duty of Best Value in local government was introduced in the Local Government in Scotland Act 2003. In response, the Accounts Commission (the Commission) consulted on, and implemented, the audit of Best Value and Community Planning. Best Value audit reports have been published on all 32 councils in Scotland. The approach to Best Value audits has moved on significantly since completion of the first audits of all 32 councils. The audit framework is now more proportionate and risk based; founded on a shared risk assessment process with other scrutiny bodies; more focused on impact and outcomes; and designed to provide a more rounded view of local partnership working and the difference it is making.

2. The first report on Best Value and Community Planning on Comhairle nan Eilean Siar was published in August 2006. The audit found that the comhairle could not demonstrate a commitment to continuous improvement and that the pace of change within the comhairle needed to be increased. The second report on Best Value and Community Planning was published in November 2011. In its findings, the Commission noted serious concerns over the slow pace of improvement by the comhairle in key areas and stated that it required a report from the Controller of Audit 'in around 12 months' time' detailing the progress made by the comhairle. This report fulfils the request of the Commission.

Comhairle nan Eilean Siar

3. The key priorities for the Western Isles remain as they were at the time of the Best Value and Community Planning audit in 2011. These are: sustaining communities; providing employment opportunities; maintaining transportation links; tackling the affects of alcohol; and reducing fuel poverty.

4. Following the local government election in May 2012, the comhairle has remained an independent

council, with 21 independent, seven SNP and three Labour members. Thirteen of the 31 members are new councillors. The previous council leader has been reappointed to the post, while a new convener has been appointed.

5. The comhairle has maintained its existing political structures. It uses an issue-by-issue consensus-based approach to decision-making rather than having an administrative group. The comhairle's governance arrangements continue to support this approach.

6. There has been no change to the managerial structure of the comhairle or the corporate management team (CMT) since the last Best Value report. In 2011/12, the comhairle spent approximately £123.7 million on providing services to its communities. This equates to approximately £4,742 per head of population.

Accounts Commission findings 2011

7. The Commission's findings recognised that most services perform well and are supported by strong political and community leadership, prudent financial management and sound governance arrangements. The Commission also noted that the comhairle recognised where improvements are needed and had recently increased its pace of change.

8. The Commission noted 'serious concerns', however, over the slow progress overall by the comhairle since the first Best Value audit in 2006, and highlighted the need for better progress in areas including:

- clearer and more visible leadership from the chief executive and corporate management team
- develop a longer-term strategic financial plan

- councillors playing a more active role in the improvement agenda
- culture of challenge and improvement.

9. The November 2011 Best Value audit report also highlighted areas for improvement:

- Performance management
- Partnership arrangements
- Continuous improvement
- Managing resources
- Customer satisfaction.

10. This follow-up audit assesses the extent to which the comhairle's improvement plan addresses the issues identified in the 2011 Best Value audit report, and evaluates the progress made to date.

11. We gratefully acknowledge the cooperation and assistance provided to the team by Angus Campbell, Leader of Comhairle nan Eilean Siar; Malcolm Burr, Chief Executive; Lesley McDonald, Head of Executive Office; and all other councillors and staff involved. We are also grateful to the partner organisations who participated in the audit.

Summary



Overall conclusions

The comhairle has made progress in developing a culture of challenge and improvement. It has significantly improved its performance management, partnership and financial planning arrangements which are the key building blocks of Best Value. The pace of change has not improved, however, in other areas including customer satisfaction, asset management and workforce management.

- 12.** The comhairle accepted the Commission's findings in the 2011 Best Value report, and responded by putting in place an action plan in February 2012 and improvement plan in June 2012. The improvement plan outlines actions the comhairle aims to undertake to address the key issues identified.
- 13.** The chief executive and CMT have demonstrated leadership in progressing the comhairle's response to the Best Value report. Councillors have also played an important role in progressing the improvement agenda.
- 14.** The comhairle has increased its pace of change in some areas, and can demonstrate progress towards implementing a performance management culture. It will take time to fully embed this culture, and for the comhairle to demonstrate the impact on outcomes through the performance management system.
- 15.** The improvements in performance management, together with support from the comhairle's community planning team, have had a positive impact on partnership arrangements and the role of the Outer Hebrides Community Planning Partnership (CPP). Partners on the CPP have developed a clearer focus and structure for the CPP outcome groups, and this has helped to improve joint working.
- 16.** The comhairle is also making progress on self-evaluation where it is developing a 'How Good Is Our Council?' toolkit, and on financial planning where a long-term financial strategy is due to be implemented by February 2013.
- 17.** The comhairle has not improved its pace of change in some important areas, including asset management, customer satisfaction and workforce management.
- 18.** Limited progress has been made in carrying out personal performance appraisals where the comhairle has failed to achieve its target completion rate of 95 per cent. The completion rate was particularly poor in the comhairle's two largest departments – education and children's services and social and community services.
- 19.** Sickness absence levels are above the Scottish average. The rate excluding teachers has increased from 10.5 days per year in 2008/09 to 13.8 days in 2011/12, while sickness absence levels for teaching staff decreased from 10.0 days in 2008/09 to 7.8 days in 2011/12 but remain above the average.
- 20.** The comhairle has the capacity to deliver the Best Value improvement plan, but needs to prioritise actions and resources and be realistic with planned timescales. A coordinated approach to the comhairle's improvement agenda is also needed.

Progress in Comhairle nan Eilean Siar



Identifying and implementing improvements

The comhairle has developed a detailed improvement plan in response to the Commission findings and the Best Value report which addresses all of the key issues. Progress in most areas is ongoing and the comhairle is heading in the right direction.

21. On 14 February, the comhairle approved an action plan in response to the Best Value audit report and the Commission findings. The CMT refined the action plan into a 'Best Value 2: Improvement Plan', and this was presented to the Policy and Resources Committee on 21 June 2012. This improvement plan details the specific actions required to address each improvement area, assigns each action to a senior officer, and sets out the timescale in which the action should be achieved.

22. The key actions in the comhairle's response to the 2011 Best Value report are outlined in Exhibit 1. The local authority elections which took place in May 2012 did impact on the comhairle's ability to progress some actions as quickly as they would have liked.

23. Progress on the improvement plan is reported to both the Policy and Resources Committee and the Audit and Scrutiny Committee. The comhairle set up a member-officer working group (MOWG) in January 2012 and tasked it with monitoring progress against the plan. The MOWG consists of the chief executive, all directors, the head of executive office and the chairs and vice-chairs of the Audit and Scrutiny and Policy and Resources Committees. Although established in January, the MOWG did not start meeting regularly until July 2012 after the improvement plan had been approved. There is now a monthly timetable of meetings in place,

Exhibit 1

Timeline of comhairle's response to 2011 Best Value report

Month	Action taken
November 2011	Second report on Best Value and Community Planning published
January 2012	Staff survey conducted
February 2012	Best Value and Community Planning Action Plan approved
May 2012	Local authority elections
June 2012	Best Value 2: Improvement Plan approved Results of staff survey reported to committee Standardised performance management reporting process trialled at June committee meetings Revised customer services strategy approved
July 2012	Member-officer working group (MOWG) start meeting regularly
August 2012	Self-evaluation internal challenge team meet for first time Comhairle service committee chairs and vice-chairs invited to attend Community Planning Partnership (CPP) outcome group meetings
September 2012	Staff survey improvement plan approved
Future events	Corporate strategy considered by Policy and Resources Committee and comhairle (1 November 2012) Long-term financial strategy to comhairle (March 2013)

Source: Audit fieldwork

and councillors are engaged in the improvement process.

24. The improvement plan outlines actions to address all of the areas highlighted by the Commission and the Best Value audit report. The plan includes actions to address communication issues which were highlighted in the 2012 staff survey. The actions are reasonable, and should help the comhairle to address

the key issues. The comhairle has the capacity to deliver the plan, but should prioritise actions and resources and be realistic with planned timescales. Senior officers and councillors need to continue to monitor progress on a regular basis and ensure that actions are prioritised and coordinated effectively.

Leadership and culture of challenge and improvement

The comhairle is developing a more effective culture of challenge and improvement and is introducing a new corporate strategy and long-term financial strategy. The recent progress needs to be maintained to help address the ongoing financial challenges facing the organisation.

25. The CMT and councillors have demonstrated leadership in actively promoting the comhairle's action and improvement plans in response to the Best Value report. This has included progressing actions outlined in the plans, but progress in some areas has been slow.

26. Developments to the comhairle's performance management arrangements have meant that councillors are now able to scrutinise and challenge more effectively, and senior managers are more accountable for the performance of their departments. This has had a positive impact both internally and within the Outer Hebrides CPP, where the comhairle's executive office support performance reporting. It is important that the developing culture of performance management spreads throughout the whole organisation.

27. Following the election in May 2012 the comhairle is in the process of updating its corporate strategy, and extended the deadline for consultation from 30 August 2012 to 12 October 2012 to allow more input from partners and the public. The corporate strategy was considered at a special meeting of the comhairle on 1 November 2012. The comhairle aims to introduce its long-term financial strategy by February 2013.

28. It is important that the corporate strategy, financial strategy and the improvement plan are aligned and that activity is coordinated effectively. Councillors and the CMT must continue to show strong

leadership in driving forward the comhairle's strategic priorities and improvement work.

Progress on the improvement plan

Progress against the Best Value improvement plan is ongoing and on schedule, and the comhairle expects to complete most actions by summer 2013.

29. This part of the report comments on the progress the comhairle has made with its improvement plan actions, grouped under the following five headings:

- Performance management
- Partnership arrangements
- Continuous improvement
- Managing resources
- Customer satisfaction.

Performance management

The comhairle has made significant progress since the 2011 report in developing a performance management framework and is making progress in developing a culture of performance management and improvement. This is having a positive impact on both the comhairle and the CPP. The next stage is for the comhairle to ensure that the culture which is evident at senior officer and councillor level permeates throughout the organisation.

30. Both the 2006 and 2011 Best Value audit reports highlighted that improvements were needed to the comhairle's performance management arrangements. The comhairle has made significant progress since the 2011 report in developing a performance management framework. While it will take time to fully embed a performance management culture throughout the organisation, the

revised approach and effective use of Interplan (the comhairle's performance management system) has enabled the comhairle to monitor the impact of its work while increasing the level of scrutiny and challenge by councillors.

31. Under the revised arrangements, performance management is a standing item at the top of each service committee agenda. Councillors are presented with a monitoring report on the relevant indicators from the single outcome agreement (SOA), and directors give a presentation highlighting the key aspects of their departments' performance to the relevant service committee. Department performance reports are also presented to the Audit and Scrutiny Committee, and the Policy and Resources Committee receives them along with the full SOA monitoring report. The comhairle is seeking ongoing feedback to enable it to consider the effectiveness of these arrangements and make any improvements necessary.

32. This provides councillors on each service committee with an overview of how departments are performing, and allows SOA indicators to be considered in detail in an appropriate forum. This has facilitated improved scrutiny and challenge of performance and increased directors' accountability to councillors.

33. The comhairle is continuing to develop Interplan and this is supporting improvements to its performance management framework. The system now more clearly aligns the comhairle's corporate themes to national outcomes, local objectives, Outer Hebrides CPP objectives, and service business plan actions. This allows the comhairle to demonstrate the impact of its work more effectively, and provides a clear link of how local tasks and actions contribute to corporate objectives and national outcomes.

34. Councillors all have access to Interplan, and through this are able to investigate in detail aspects of the comhairle's performance. There is limited evidence, however, of how the system is being used by councillors in practice, although training has been offered as part of the induction process following the local elections in May. Using Interplan more effectively would enhance councillors' knowledge and understanding of performance issues, and further improve the quality of scrutiny and challenge they are able to provide.

35. Work is required to ensure a more consistent approach to performance management across services and departments, and a team is in place to provide support. The standard of information which Interplan provides is only as good as the level of data which is input, and it is up to individual heads of service to identify any gaps in service plans, and to ensure that information is timely and accurate.

36. This was highlighted in an internal audit report, *Performance Management & Monitoring Arrangements*, July 2012,¹ which stated that there may be a risk 'that the Interplan system is not always integral to service delivery' and that reporting 'can be seen as a diversion'. The report noted that Interplan 'requires to be further developed to improve the comhairle's public reporting and decision-making processes'.

37. The revised arrangements have resulted in enhanced performance monitoring and improved scrutiny and challenge. The key challenge for the comhairle is in making the best use of the information available, and taking appropriate action to address issues identified.

Partnership arrangements

The comhairle and its partners have made good progress in developing their partnership arrangements and, in particular, their performance-reporting framework. While these developments are at an early stage, they provide a strong base for ongoing improvement.

38. The 2011 Best Value audit report highlighted that partnership arrangements were still developing and that the CPP was unable to demonstrate progress on partnership outcomes effectively. Good progress has been made in creating a clearer focus and structure for the CPP outcome groups. The partnership has completed 'logic modelling' exercises, which involved mapping activities to short-, medium- and long-term outcomes. The outcome groups are now clearer about their role and purpose, and the revised performance management arrangements have supported this progress.

39. The CPP board and its executive group now receive standardised performance updates from each of the outcome groups. The comhairle's performance management system, Interplan, is used to compile the reports which are discussed by outcome groups to agree on overall assessments using a RAG (red, amber, green) coding approach.

40. Performance reporting links to the comhairle have improved. SOA monitoring reports are now broken down by outcome theme and reported to the relevant service committee. Councillors have found this approach to be more user-friendly and it has encouraged them to be more challenging of the information and feel more engaged in scrutinising partnership progress on outcomes.

41. Work has taken place to increase elected member involvement in the outcome theme groups. In August 2012, the CPP decided to invite comhairle service committee chairs and vice-chairs to attend relevant outcome theme groups. Other committee members have also been allocated to an outcome group. The impact of this activity is yet to be seen, but it is an encouraging sign.

42. The 2011 Best Value audit report noted that the CPP had been working to bring together a SOA which included more effective measures and targets to track progress and demonstrate improved outcomes. The CPP agreed a revised 2010/11 SOA in August 2011. This was more defined and focused, with a reduction from over 100 indicators to around 30 high-level indicators with a clearer outcome focus. Feedback on the new SOA from the Scottish Government's Location Director² noted the increased use of outcome-focused indicators, but also highlighted that there was work to be done to further shift the balance from output to outcome measures.

43. The CPP is currently working towards a refresh of the SOA for 2013. The process of reviewing and refreshing the SOA is fostering a stronger sense of ownership and focus within the partnership. Partners feel that the improvements at the outcome group level will also feed into the refreshing process, as the groups are now clearer about their role and the overall shared vision of the CPP.

44. The clearer focus and purpose developing at the outcome group level is also helping to improve joint working between partners. An example of this is ongoing work between the comhairle and Highlands and Islands Enterprise (HIE) to develop a joint economic strategy for the area.

1 *Internal Audit Review: Performance Management & Monitoring Arrangements – Final Report 12/13 – 22*, Comhairle nan Eilean Siar, 27 July 2012 (presented to Audit and Scrutiny Committee – 5 September 2012).

2 *SOA Annual Report: Feedback from Scottish Government*, Outer Hebrides Community Planning Partnership, 27 June 2012.

45. The CPP has undertaken a self-evaluation using the CPP public sector improvement framework (PSIF) model developed by the Improvement Service. Through this process the partnership identified a number of areas for improvement and prioritised five of these. These priorities form the basis of an improvement plan approved by the CPP in February 2012. The improvement plan includes actions to:

- improve the partners' joint financial planning, resource planning and asset management
- clarify the links between partners' operational plans and the agreed outcome priorities
- maximise joint lobbying opportunities
- review the CPP communication strategy
- clarify roles of board members.

46. Progress with the self-evaluation improvement plan has included the approval at the September CPP meeting of a partnership agreement, which sets out how the partners will work together to develop, agree and achieve the objectives of community planning in the Outer Hebrides. At this meeting the partnership also approved terms of reference.

47. The CPP had previously stated that it did not want to adopt formal terms of reference, as partners were concerned this would constrain the flexibility they felt was needed in the Outer Hebrides context. However, following recommendations included in the Best Value audit report and in a comhairle internal audit report,³ the partnership decided to adopt formal terms of reference. The partnership reviewed the approaches taken by other CPPs to help them to develop a model which it felt best suited their needs. These improvements will give

a clearer structure and focus to the CPP and will help support ongoing improvement activity.

48. Capacity challenges remain for the CPP, particularly in terms of support for the performance management framework. While partners have some dedicated resources to support the CPP – for example, the comhairle has a community partnerships unit and HIE has recently employed a graduate to support the collation of performance data – the partnership needs to ensure that this is sufficient and resilient enough to support their needs. The resource planning aspect of the CPP's self-evaluation improvement plan should offer the opportunity to look strategically at how it can make best use of the resources available to them as a partnership.

49. Strong leadership and direction are needed from councillors, the CMT and all partners to ensure the good progress to date is maintained and built upon. The ongoing financial pressures faced by all partners mean that effective partnership working is essential to ensure that public resources are being used efficiently and are delivering for local communities.

Continuous improvement

The comhairle has made progress towards implementing a self-evaluation toolkit, but work is needed to improve communication and address workforce management issues including high sickness absence levels and low completion rates for performance appraisals. The comhairle would benefit from a more coordinated approach to its improvement agenda.

Self-evaluation

50. The 2011 Best Value audit report identified that the comhairle did not have a corporate self-assessment process to help it identify where

improvement is most needed. The comhairle is now implementing the 'How Good Is Our Council?' self-evaluation toolkit. At the time of this audit it had not made as much progress as had been planned. However, a plan is in place and an internal challenge team, comprising representatives from each service, has been established. The team met for the first time in August 2012.

51. The challenge team is overseeing a trial exercise which is scheduled to be completed and reported to the CMT by the end of 2012. This exercise covers all departments, and the comhairle aims to compare the findings with a comparator authority that uses the same toolkit. The comhairle also plans to roll the toolkit out across the organisation in early 2013.

52. In rolling out the toolkit, the comhairle will need to ensure it has a robust plan in place and prioritise the areas needing to be assessed.

53. Councillors and the CMT have both been supportive of developments in self-evaluation, and must continue to demonstrate strong leadership by ensuring the comhairle makes best use of the toolkit and delivers improvements as a result.

Workforce management

54. The 2011 Best Value audit report noted that the comhairle had introduced a performance appraisal process in September 2009, but expressed concern at the number of performance appraisals that had been completed. In 2009/10, only 42 per cent of the performance appraisals were completed. This increased to 73 per cent in 2010/11. In 2011/12, the completion rate increased further to 82 per cent, but remains below the comhairle's target of 95 per cent.

55. Only the chief executive's department (with a completion rate of 98 per cent) and development department (100 per cent) exceeded

³ *Internal Audit Review: Single Outcome Agreement – Final Report 12/13-24*, Comhairle nan Eilean Siar, 31 May 2012 (presented to Audit and Scrutiny Committee – 20 June 2012).

the target completion rate. The two largest services – education and children’s services (77 per cent) and social and community services (83 per cent) – had the lowest completion rates. The comhairle is aware of the completion rates and have included an action to address this in the improvement plan.

56. In 2007/08, the comhairle had the lowest levels of sickness absence across all Scottish local authorities. Since then absence levels have risen significantly and absence levels (excluding teachers) have risen from an average of 10.5 days in 2008/09 to 13.8 days in 2011/12. This is above the Scottish average of 10.4 days. This was highlighted by Scott-Moncrieff, the comhairle’s appointed auditor, in the annual audit report for 2011/12.⁴

57. The report also highlighted that absence levels for teaching staff decreased over the same period from 10.0 days in 2008/09 to 7.8 days in 2011/12, although this is still above the Scottish average of 6.2 days. The report notes that the comhairle is not clear what the underlying cause is for the increase in sickness absence, and that while quarterly reporting on sickness absence has started this is not done consistently across departments. The comhairle acknowledges these findings, and is in the process of upgrading the payroll and human resources system and processes to enable analysis and monitoring systems to be implemented.

Staff survey

58. The 2011 Best Value audit report noted that the comhairle had not undertaken a staff survey since 2008 and that it needed to ensure it was gathering regular staff feedback. The comhairle carried out a staff survey in January 2012 and reported on the findings in June 2012.

59. The overall response rate was very similar to that achieved in 2008, up slightly from 41 per cent to 42 per cent. The response rate in the comhairle’s two largest departments was particularly low, at 23 per cent for social and community services and 29 per cent for education and children’s services. These departments also had the lowest completion rates for performance appraisals as previously outlined in the workforce management section.

60. Overall the findings show a picture of general improvement, though some aspects of the results are not comparable to the 2008 survey. Levels of job satisfaction are up from 67 to 72 per cent, and pride in working for the comhairle is up from 38 to 48 per cent. Staff satisfaction with key aspects of management, such as listening (58 per cent to 64 per cent), encouragement (59 per cent to 66 per cent), delegation (55 per cent to 61 per cent) and decision-making (60 per cent to 65 per cent), has also improved.

61. The findings do identify some areas where there has not been any improvement and where results identify areas of concern for the comhairle. Although the questions used were not directly comparable, there has been some indication of improvement in staff perceptions of how good performance is recognised and the benefits of the staff appraisal system. However, levels of staff satisfaction for this theme remain low. In the 2012 survey, only 46 per cent of respondents agreed that good performance is recognised and only 52 per cent agreed with the statement that the performance appraisal and time spent with their manager is beneficial to them. Of particular note, only 23 per cent of respondents agreed that poor performance is dealt with effectively.

62. The comhairle has recognised the issues that the staff survey highlights and in September 2012 approved an improvement plan in response. The staff survey improvement plan includes actions relating to communication, performance, support and training, with most scheduled to be implemented between December 2012 and March 2013.

63. The plan does not identify lead officers for the actions and it is not clear from the plan or committee report who is responsible for its implementation. The action plan is to be reported to the comhairle on a six-monthly basis. The comhairle would benefit from a more coordinated approach to its improvement agenda, as this would enable resources to be targeted effectively and minimise the potential for duplication of effort.

64. The issues raised by the 2012 staff survey reflect similar issues in the 2008 survey, and there has been limited demonstrable improvement in some areas between the two surveys. The comhairle needs to ensure that its improvement plan activity is effectively addressing the issues identified.

Communication

65. Communication was included in the Best Value improvement plan in light of the 2012 staff survey results, although some improvement had been made since the 2008 survey. The staff survey highlighted that while more staff feel the comhairle is as ‘open and honest with them as it can be’ than did in 2008 (up from 21 per cent to 29 per cent), 38 per cent of respondents disagreed with this statement. There has been an increase in the percentage of staff who feel the comhairle communicates well with them (up from 32 per cent to 45 per cent), but over 50 per cent of staff feel that the comhairle either doesn’t tell them much or gives them only a limited amount of information.

66. The Best Value improvement plan included a commitment to rewrite the communications strategy by June 2012, but a proposed process and timescale were only submitted to the Policy and Resources Committee in September 2012. The improvement plan also includes actions to develop a coordinated approach to community consultation; a proactive approach to staff engagement; the use of a 'communities connect' portal to promote communication; and the use of the employee newsletter to raise awareness of performance management within the comhairle.

Managing resources

The comhairle has an innovative approach to budget planning, and is developing a long-term financial strategy. The pace of change in other areas of resource management, however, has not improved.

Financial management and budget planning

67. The 2011 Commission findings highlighted that the comhairle 'needs to develop a longer-term financial plan'. The comhairle plans to have updated its corporate strategy by December 2012 and have a long-term financial strategy agreed by February 2013.

68. In the 2011/12 annual audit report, the appointed auditor agreed with the comhairle's assertion in the annual governance statement that 'governance and internal control arrangements are largely effective and able to provide reasonable and objective assurance'. The report noted that the comhairle achieved a general fund surplus of £3.5 million in 2011/12, and incurred £56.1 million in capital expenditure of which £38.5 million related to the Western Isles Schools Project.

69. For budget planning, the comhairle has developed a process which is suited to the local political

context. Each councillor submits their views on budget options using an interactive planning tool called 'Budget Choices'. The process is detailed in Exhibit 2.

Asset management

70. The 2011 Best Value audit report highlighted that progress on developing a corporate approach to asset management had been slow, but that the comhairle was successfully managing its school buildings.

71. In the 2011/12 annual audit report, the appointed auditor noted that the comhairle 'continues to develop its approach to asset management, however progress has been slow to date'. The comhairle has developed a high-level strategy on asset management, but this has not been rolled out across the organisation.

72. The asset management plan, however, is scheduled to be presented to the comhairle in December 2012. The sector asset management plans and asset inventories will be developed once this has been approved.

73. The annual audit report also notes that the comhairle has 'entered into separate agreements with Highlands and Islands Enterprise and the Northern Constabulary to share assets', and that work is ongoing to identify further opportunities for asset sharing both across departments and with the wider community.

Risk management

74. The 2011 Best Value audit report noted that risk management was beginning to improve, but that the comhairle had been slow at bringing risk registers up to date and developing its approach to risk management overall.

Exhibit 2

Interactive budget planning tool

At the start of the budget-setting process councillors, the CMT and other selected parties are provided with an interactive budget-setting tool called 'Budget Choices'.

Budget Choices runs on a database system and at the top level details the budget for each department. The total saving that needs to be achieved is also shown, which for 2012/13 is ten per cent. Detailed information is provided within the tool on each line of the budget, including possible savings and the issues and risks relating to each saving.

The user selects the savings that they would propose to accept, and a summary of their total saving is shown at the top level. Each user is asked to come up with a proposal which achieves the total efficiency target, and this proposal is submitted to the finance department.

A summary report detailing how many were in favour of each option is presented at a budget seminar, at which councillors decide on options to be included in the public consultation exercise.

A simplified online version of Budget Choices is available on the comhairle's website during the public consultation. This allows members of the public to complete their own budget proposal, and informs the budget process while developing public understanding of the difficult choices facing councillors.

Source: Audit fieldwork

75. In a July 2012 update⁵ to the Audit and Scrutiny Committee, the appointed auditor provided an overview of risk management arrangements at the comhairle, and highlighted that ‘although the comhairle has made steps in developing its risk arrangements, it has yet to fully embed risk management into everyday practices’.

76. The report also highlighted scope to develop risk management arrangements by:

- establishing a process to highlight common themes and links between risk registers
- facilitating wider input to the development of risk registers from senior staff, statistical analysis, benchmarking and internal budgetary reports
- linking risk registers to the comhairle’s strategic and operational objectives.

77. In September 2012, the comhairle approved a risk management policy, risk management strategy and partnership risk management strategy. A risk review group has examined operational risk within two departments and reported findings to the Strategic Risk Management Group, and risk management training for members, and partnership risk management training for officers, has been provided.

78. Work has commenced on producing a joint risk register for the CPP, and the comhairle’s corporate policy team is progressing the risk module of Interplan supported by a dedicated risk officer and support team.

79. The comhairle must continue to take action to address the risk management issues identified in the Best Value report and by the appointed auditor.

Procurement

80. The 2011 Best Value audit report highlighted that the comhairle had failed to achieve conformance status against the Scottish Government’s annual procurement capability assessment (PCA). This was based on the comhairle’s performance in the 2010 PCA as assessed by Scotland Excel. In the 2011 PCA, the comhairle improved its score to 29 per cent, an increase of eight per cent, which is classified as ‘conformance’. The improvement is to be welcomed but the score remains below the national average of 40 per cent.

81. In June 2012, the comhairle approved a ‘Procurement Strategy 2012–14’. The strategy includes a detailed action plan and aims to direct procurement practice over the three-year period and ‘address the organisational risk which is inherent in a lower than average PCA score’. The comhairle has set itself a target of 35 per cent for the 2012 PCA, and 50 per cent in the 2013 PCA.

82. The appointed auditor also considered the comhairle’s procurement arrangements in their interim management report (July 2012). The report referenced an internal audit review of e-procurement and contract management during 2011/12, and supported the findings of the PCA that development is required in the comhairle’s procurement function.

Customer satisfaction

The comhairle has made limited progress in addressing the findings of the Best Value report in relation to customer satisfaction.

83. The 2011 Best Value audit report identified that the comhairle needed to measure customer satisfaction more effectively. The comhairle’s improvement plan sets out four actions to address these findings, and one of these actions is now

complete. Limited progress has been made on the other three, and no timescale is specified within the improvement plan for these actions.

84. The comhairle approved a revised customer services strategy in June 2012 in line with the improvement plan. The main focus of the strategy is to develop the comhairle’s approach to dealing with customer contact and enquiries. The strategy has limited focus on gathering and using customer satisfaction information and improving how this information is used.

85. The 2011 Best Value audit report identified that there were some good approaches to gathering customer satisfaction information within individual services, and recommended that the comhairle use these good examples to develop its corporate approach. There has been little progress made on sharing good practice and learning across services. The comhairle’s improvement plan committed it to establishing a rolling programme of direct user surveys by June 2012; to date this action has not been implemented.

86. The comhairle was piloting a Customer Satisfaction Measurement Tool, developed by councils in conjunction with the Improvement Service. In November 2011, the comhairle’s customer services steering group considered a report on a pilot exercise run in the customer service access point in Stornoway Town Hall. The results of the survey showed a high level of satisfaction with the service, but the report did not make any recommendations to roll out the use of the tool to other services.

87. The comhairle needs to better coordinate its community engagement and consultation activity across services and with its partners. Better coordination of engagement and consultation activity is needed to ensure best use of resources and

avoid 'consultation fatigue' within the community. The comhairle also recognises the need to improve how it shows the impact of consultation activity by clearly demonstrating the link between consultation and decision-making.

88. While community engagement is an important area of activity for the comhairle, it needs to be clear about the distinct need to effectively gather and use customer satisfaction information. Customer satisfaction information is an important aspect of service performance information. Gathering appropriate customer satisfaction information is crucial to be able to demonstrate the quality of the services the comhairle provides to its communities. Without customer satisfaction information – and this information being effectively integrated into its performance management framework – the comhairle will be limited in its ability to demonstrate whether its services provide value for money.

Comhairle nan Eilean Siar

A follow-up report

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ISBN 978 1 907916 83 0

This publication is printed on 100% recycled, uncoated paper