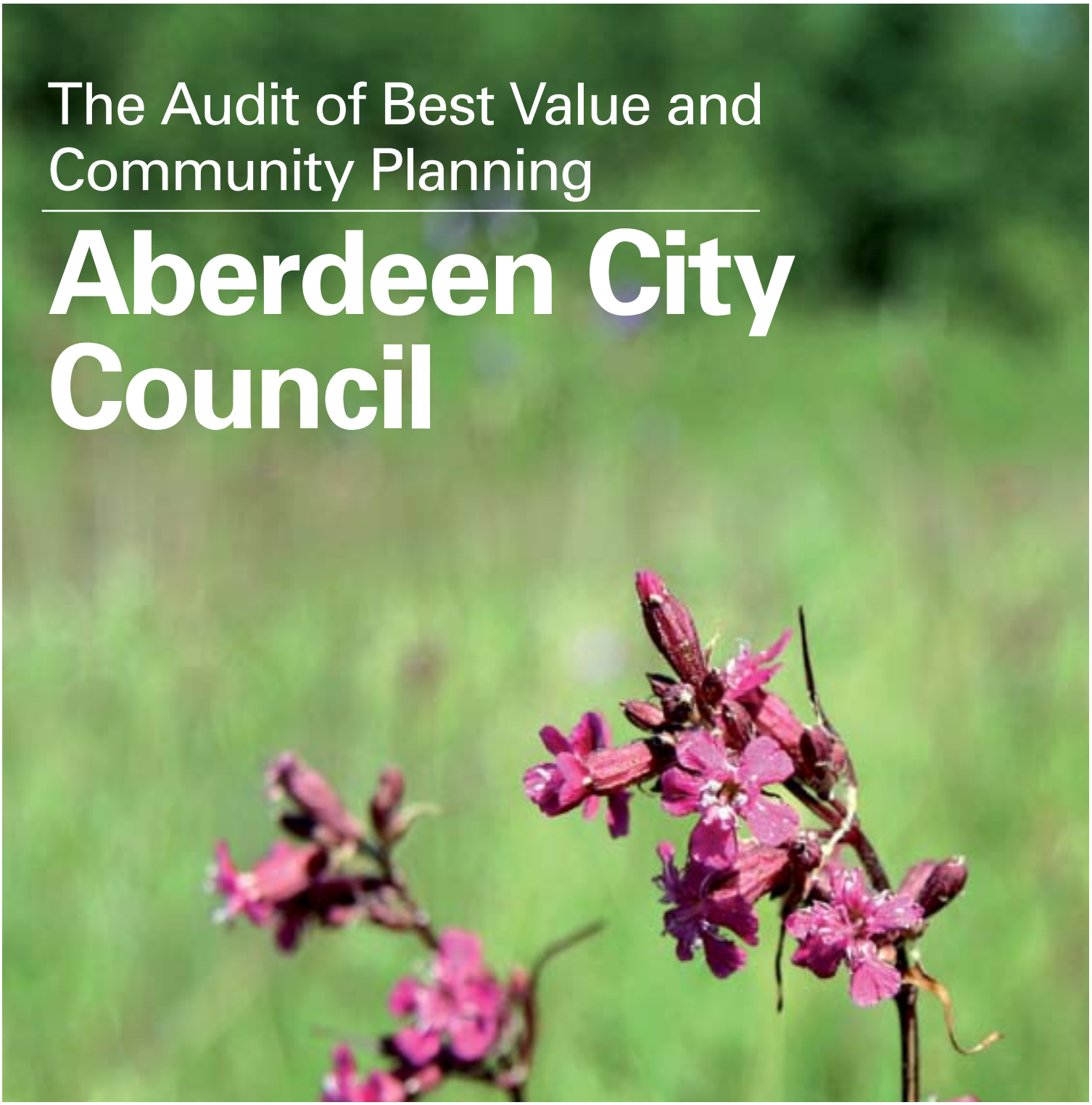
The Audit of Best Value and Community Planning

Aberdeen City Council



AUDIT SCOTLAND

Prepared for the Accounts Commission
May 2008

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 41 joint boards (including police and fire and rescue services). Local authorities spend over £16 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 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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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 Aberdeen City 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 Aberdeen City Council.

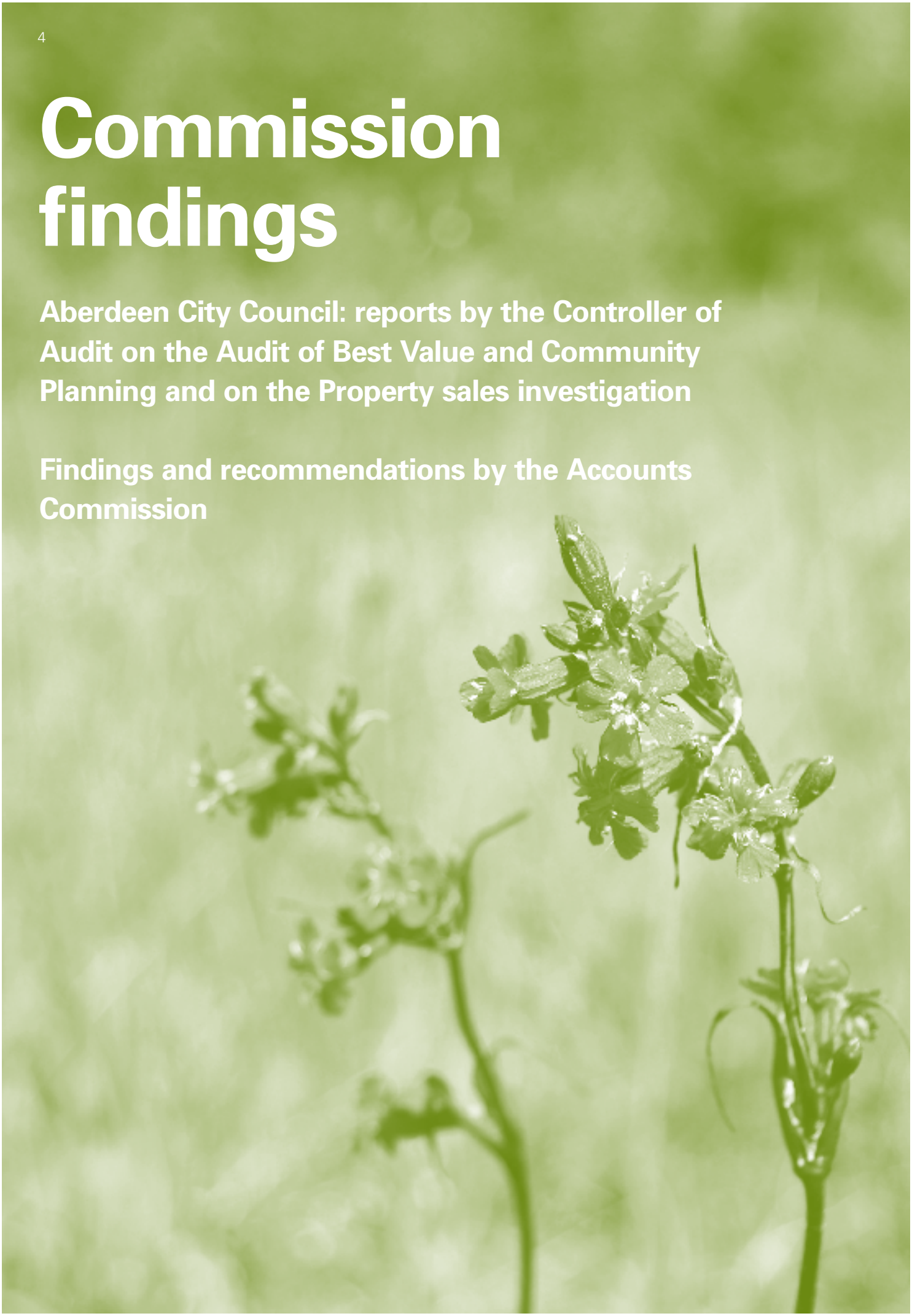
At the Local Government elections in May 2007 the Liberal Democrats formed a new coalition with the Scottish National Party (SNP), replacing the previous Liberal Democrat/Conservative coalition that had been in place from May 2003 until May 2007. Councillor Kate Dean (Liberal Democrat) remained council leader, with Councillor Kevin Stewart (SNP) becoming deputy council leader.

We gratefully acknowledge the co-operation and assistance provided to the audit team by Councillor Dean (leader of the council), Douglas Paterson (chief executive), Martin Murchie (head of Performance Management and Quality Assurance) and all other members, officers and partners contacted during the audit. The audit visit took place between November 2006 and January 2007, but completion of the audit and submission of the report was delayed by ill health of key audit personnel and the 2007 elections. Since the elections there have been significant changes in the political leadership of the council and the council's committee structure. There have also been important organisational developments relating to the council's transformation programme and performance management arrangements. Given the interval since the audit visit, we invited the council to submit further information about relevant changes that have taken place in the intervening period. We have taken account of that information in our report.

Commission findings

Aberdeen City Council: reports by the Controller of Audit on the Audit of Best Value and Community Planning and on the Property sales investigation

Findings and recommendations by the Accounts Commission



Introduction

On 19 March 2008, the Accounts Commission considered a report by the Controller of Audit on the Audit of Best Value and Community Planning in Aberdeen City Council. The report was made under section 102 (1) (c) of the Local Government (Scotland) Act 1973. The Commission agreed that, in light of the concerns highlighted in the Controller of Audit's report, it would hold a hearing.

On 30 April 2008, the Accounts Commission considered a report by the Controller of Audit in respect of a property sales investigation in Aberdeen City Council. This was a public interest report made under section 102 (1) (b) of the Local Government (Scotland) Act 1973. The Commission agreed to hold a hearing in respect of the report; and, given the arrangements already in place for a hearing into the report on the Audit of Best Value and Community Planning, agreed to cover the report on the property sales investigation as part of that hearing.

Hearing

The hearing was held on 13 and 14 May 2008 in Aberdeen. The Commission heard evidence from:

- Caroline Gardner, Controller of Audit, David Pia and Antony Clark of Audit Scotland and Cathie Wyllie of Henderson Loggie, the council's external auditor
- Councillor Katharine Dean, leader of the council; councillor Kevin Stewart, depute leader; Douglas Paterson, chief executive; Gordon Edwards, corporate director for Resources Management; Martin Murchie, head of Performance Management and Quality Assurance; John Tomlinson, corporate director for Neighbourhood Services (North Area); Abigail Tierney, corporate director for Strategic Leadership; Susan Cooper, city chamberlain; Colin Hunter, head of Resources Development and Delivery, Resources Management; Alan White, head of Service for Shelter and Environment, Neighbourhood Services (Central Area); Ewan Sutherland, head of Human Resources – Resources Management
- Councillor Leonard Ironside, leader of the Labour Group
- Councillor Alan Milne, leader of the Conservative Group
- Karen Donnelly, UNISON
- Janet Adams, GMB; Grant Bruce, EIS; Graham Tran, Unite (Amicus); and Tommy Campbell, Unite (T&G)
- Rhonda Kelly, chief executive, Aberdeen Council of Voluntary Organisations
- Paul Hannan, chief executive, The Cyrenians
- Sultan Feroz, Aberdeen Trades Union Council.

A transcript of the hearing is available on Audit Scotland's website: www.audit-scotland.gov.uk.

Findings

1. The challenges facing the council are collectively extremely serious. While the council accepted the accuracy of both reports by the Controller of Audit, we found that there was a lack of a full appreciation of the seriousness of its current circumstances.

2. The decision by the chief executive to retire affords the council an immediate opportunity for new leadership at management level. In parallel with the early recruitment of a new and experienced chief executive, we consider that the council now needs to demonstrate a strong and clear commitment to leading the implementation of the necessary changes. To date, in some specific areas such as the control of budgets, leadership has not been as effective as it should have been. The scale of the challenge facing the council warrants the agreement of an improvement plan which has all-party support.

3. We do not believe that the council currently has the capacity to carry forward the changes that are needed while managing its financial position and budget. In addition to the recruitment of a new chief executive, we make recommendations that the council secure appropriate external assistance, including from an expert in local government finance.

4. We are concerned that the council believes that the organisational structure is fit for purpose, while the findings of Her Majesty's Inspector of Education and the Social Work Inspection Agency indicate that the council's two largest services lack leadership and direction. We believe that there is a case for the organisational structure to be simplified and for effective leadership, which commands the respect and support of employees, to be put in place for the council's major services.

5. We have concerns about the governance arrangements within the council, particularly the need for more effective member scrutiny.

6. There appears to be a fundamental morale problem among many of the employees of the council. The council frequently refers to a 'culture of non-compliance' as a reason for its difficulties. We do not accept that explanation. It seems to us that there has been a failure to engage with employees in the changes which have taken place or which have been attempted.

7. With regard to the report by the Controller of Audit on the property sales investigation, the council accepted the many and significant shortcomings in procedures detailed in that report. Other proceedings are taking place in relation to the property transactions and, therefore,

we focused in the hearing on the procedures that the council has now put in place and on procedures for the future. These procedures are those that we would expect any council to have had in place. We make a recommendation regarding the monitoring of significant property transactions.

8. We endorse the view of the council's external auditor that the council is in a precarious financial position. Over the past three years, the council expenditure has been significantly in excess of its budget, giving rise to concern over diminishing reserves and leading to the need for a substantial package of savings in the current financial year. Given the previous record of failure to meet savings targets, we cannot have confidence that these savings will be delivered and we accordingly make recommendations regarding the close and frequent monitoring of the position.

Recommendations

The Commission, therefore, recommends to the council that it takes immediate action in respect of the following:

- Action should begin immediately to recruit a new and experienced chief executive. The interview panel should include representation from all political groups on the council and should have external advisers.

- The council should secure appropriate external assistance from peers, to assist it in implementing these findings and taking forward the conclusions of the Controller of Audit's reports.

- We would encourage the council to establish an all party leadership board for the specific purpose of taking ownership of its improvement plan.

- Immediately following the appointment of a new chief executive a review of the council's organisational structure should be undertaken. There should be full engagement with employees in considering the options for this structure.

- The council should appoint an independent local government finance expert to establish whether the council's proposed savings are accurate and achievable, and closely to monitor the delivery of the savings. We also recommend that the council's external auditor has access to all papers and minutes of the budgetary review working group and be entitled to attend all meetings.

- The council should ensure that robust and effective governance arrangements are in place, including officers producing reports that outline policy options, members receiving all committee papers in accordance with the timescales laid down in the Local Government (Access to Information) Act and the council's standing orders, and members attending appropriate training courses.

- To enhance public confidence in scrutiny, we recommend that scrutiny arrangements be chaired by a member of an opposition party.

- All significant property transactions should be signed off by both the chief financial officer and the monitoring officer to ensure appropriate governance and accountability.

The Local Government (Scotland) Act 1973 (as amended) requires the council to consider these findings at a meeting of the council within three months of receiving them, and to decide whether to accept any or all of these recommendations and what action to take in response to them. We recommend that Scottish ministers take appropriate action to ensure that, should there be any deficiencies in the implementation process, these are rectified.

The Commission will continue to monitor the circumstances of the council through the council's external auditors. We require a further report by the Controller of Audit on progress made by the council in 12 months' time. We will give consideration at that point to any further measures that need to be taken.

29 May 2008.

Overall conclusions

Aberdeen City Council has a clear and ambitious vision of modernisation and service improvement. It has gone through a long process of seeking to improve and change the organisational culture. During this period there have been a number of structural changes and corporate initiatives.

While some progress is being made in delivering change, a significant gap remains between its aspiration to be a leading council in Northern Europe and realities on the ground in a number of key areas.

Despite some good areas of service performance, there is evidence of significant weaknesses in major services and the council's financial position is precarious.

The council's leadership has had difficulty in successfully engaging staff with the improvement agenda. It is not possible at this time to say whether the leadership's desire for change will be successful in creating an organisational culture, and securing the necessary behaviours, that support continuous improvement.

1. Aberdeen City Council has a clear and ambitious vision of modernisation and service improvement. The council works well with its partners at strategic and local level. It has successfully engaged local communities in developing neighbourhood community action plans to inform its corporate and service planning processes. Its neighbourhood service delivery arrangements are helping to make services more responsive to users.

2. The council has some well-developed plans and strategies, can demonstrate good progress against its community planning goals, and has achieved improvements in some service areas as a consequence of its performance management and service improvement activities (eg, refuse collection, housing repairs, council house void properties and council house sales). It has also been successful in winning a number of external awards.

3. While progress is being made, senior management and elected members recognise that there is still much to do to achieve the council's goals. There is still a significant gap between its aspiration to be a leading council in Northern Europe and the reality on the ground in a number of key areas.

4. Several recent inspection reports have identified significant weaknesses in the council's key services of education, social work and housing. Looking across all services, the council is ranked in the upper quartile in 13 Statutory Performance Indicators (SPIs), compared to an average for all Scottish councils of 21. Aspects of some services are very good (eg, usage of learning centres and learning access points, speed of assessing homelessness cases, and road conditions), but even within those service areas (education, housing, and roads and lighting) there are still some performance weaknesses. Mixed progress within and across a range of services is a common pattern in Aberdeen City.

5. The council has a long-standing commitment to creating a culture of continuous improvement and significant amounts of management and service staff time are dedicated to improvement activity, which is leading to change in some service areas. For example, 12 of the council's SPIs improved by more than 15 per cent between 2004/05 and 2006/07. However, service improvements cannot be consistently demonstrated, reflecting the ongoing and, in some places significant, gap between the council's aspiration of continuous improvement and modernisation and current service performance.

6. The council acknowledges that it has found difficulty in putting its vision into practice and achieving the changes it desires. Elected members, the chief executive and his management team have all felt frustrated by the slow pace of change to date, which they attribute to 'a culture of non-compliance' with corporate systems and processes. In their view this explains why corporate initiatives have not succeeded in the past.

7. Corporate processes to support performance management and service improvement are in place and have been improved further in 2007, and the direction of travel is positive in terms of strengthening accountability. However, the council recognises that some aspects of performance monitoring and reporting still require further strengthening and have plans to close gaps in the following areas:

- Data reliability – which needs to be improved.
- Measurement and reporting of core service performance and citizen satisfaction with services – which is underdeveloped.
- Neighbourhood services performance reporting – which although it has improved since the time of our audit visit does not yet provide clear performance comparisons between the council's three areas, or give an overall view of individual service performance.

8. The council is undertaking a great deal of activity to promote a change of culture. There remains a considerable challenge achieving a culture where individual accountability and continuous improvement is uniformly demonstrated across all service areas. To date the council's leadership has not managed to take all staff groups with it and there is poor morale.

9. The council's financial position is precarious and it faces significant financial pressures. Its capacity to deliver the financial savings needed to restore balances is uncertain, given its failure to make planned in-year savings during 2006/07 and 2007/08.

10. Our main audit fieldwork took place between November 2006 and January 2007, shortly after the new management team was established. Since then the management team is showing signs of progress in addressing key improvements and the council has committed significant additional resources to support its improvement agenda as set out in its various transformation strategies. However, it is not yet possible to say whether the council leadership has the capacity and capability to transform an organisational culture that remains insufficiently committed to continuous improvement and deliver the service improvements which it recognises are needed.

11. The council recognises that it needs to secure more effective understanding, commitment and ownership of staff to its programme of change. Successful implementation of its morale and motivation work, and effective staff involvement in its transformation programme, will be central to achieving this goal.

12. The challenge facing the council leadership is exacerbated by a number of current pressures which are drawing unfavourable comment in the local media and consuming significant amounts of senior staff time. These include property disposal issues (paragraphs 86 and 133), budget difficulties (paragraphs 110-119), a series of critical inspection reports, and an industrial tribunal which has received national and local media attention.

Part 1. Does the council have clear strategic direction?

Aberdeen City Council has a clear and ambitious vision of modernisation and service improvement. Although some progress is being made, there is a significant gap between its aspiration to be a leading council in Northern Europe and the reality on the ground in a number of key areas.

The council works well with its partners at strategic and local level. It has successfully engaged local communities in developing neighbourhood community action plans to inform its corporate and service planning priorities. Its neighbourhood service delivery arrangements are helping to make services more responsive to users.

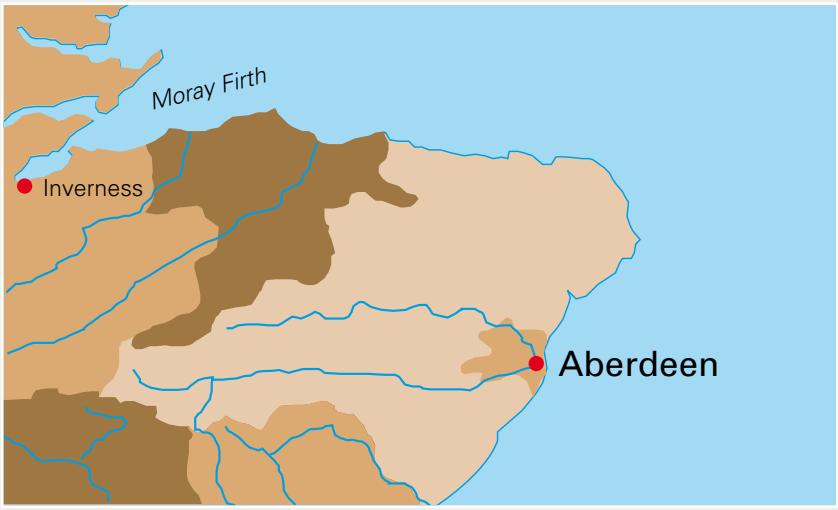
The council has some well-developed plans and strategies and can demonstrate good progress against its community planning goals. But at the time of the audit visit there was limited evidence that the council's corporate and service planning arrangements were effective in driving service delivery, and further work was needed to align key plans, including the community plan, service plans and neighbourhood community action plans.

It is not yet possible to say whether the council leadership will succeed in making the major changes it recognises are needed.

The local context

13. Aberdeen City is situated in the north east of Scotland between the mouths of the rivers Don and Dee (Exhibit 1). Also called the Granite City, it is the chief commercial centre and port in the north east of Scotland. It has a population of 202,000 making it Scotland's third largest city.

Exhibit 1
Aberdeen City



Source: www.maps-of-britain.co.uk/map-of-scotland.htm

14. The population is declining and projections suggest that by 2024 the overall population will have fallen by 23 per cent compared with no overall change in the population of Scotland as a whole. The decline in the number of children and working age adults is predicted to be particularly marked, while the increase in the number of older people is likely to be less marked than for Scotland over the same period. These demographics present particular challenges for the council in sustaining service quality and building sustainable communities.

15. At the time of the 2001 census, 2.9 per cent of the population of Aberdeen was classed as minority ethnic, the sixth highest proportion in council areas in Scotland and above the Scottish average of two per cent. During the four years to 2005/06, migrant workers accounted for 6.7 per cent of the total working age population in Aberdeen. This was second only in Scotland to Edinburgh (9.0 per cent). In 2005/06, the vast majority came from Eastern Europe, particularly Poland. There were also significant numbers from India and Nigeria.

The economy

16. The energy sector provides a greater percentage of jobs in Aberdeen than in Scotland as a whole (ten per cent of jobs compared with two per cent for Scotland). The proportion of jobs in other sectors of the economy is similar to averages for Scotland overall. The main employment areas are:

- retail, wholesale and hotels (Aberdeen 21 per cent, Scotland 23 per cent)
- finance and business (Aberdeen 21 per cent, Scotland 18 per cent)
- other service industries – public administration, education (Aberdeen 30 per cent, Scotland 35 per cent).

17. During the 1970s, Aberdeen developed as a major service base for the North Sea oil industry and the energy sector remains highly significant to the economy. The council recognises the need to sustain jobs in this sector as oil and gas reserves decline. It has therefore sought to encourage the creation of new jobs in sustainable energy and establish the area as a training

centre for oil and gas-based industries elsewhere in the world. The Department of Trade and Industry has based its renewables headquarters in the city. This aims to maximise jobs and investment in renewables worldwide.

18. The working population in Aberdeen is relatively affluent. Gross average weekly earnings are £481, well above the Scottish figure of £432. The claimant unemployment count is 1.5 per cent compared with 3.2 per cent for Scotland. Between 2005 and 2006, long-term unemployment (six months or more) declined by seven per cent in Aberdeen compared with an increase in Scotland of seven per cent. Slightly more residents of Aberdeen describe their health as good and fewer describe their health as poor than in Scotland overall. Aberdeen has a lower than average percentage of people who are permanently sick or disabled (16.6 per cent compared with 21.5 per cent for Scotland).

19. In contrast to the positive picture among employed people, since 2004 Aberdeen has seen a sharp increase (from 18 to 27) in the number of data-zones in the most deprived 15 per cent of Scottish data-zones. This represents nine per cent of the city's population.

Part of the reason for this increase is a significant loss of working age people from the most deprived parts of Aberdeen. A change in the method of measuring deprivation to include the level of crime has also made a significant contribution to the increase. Aberdeen City has the second highest rate of recorded crime per 10,000 population of all Scottish councils (1,127) and at 138[1] sits significantly above the all-Scotland index of 100.

Council composition

20. The council has 43 elected members. At the time of the audit, the council was led by a Liberal Democrat/Conservative coalition. The current council, elected in May 2007, is a Liberal Democrat/SNP coalition, comprising 15 Liberal Democrat members, 13 SNP, four Conservative, ten Labour and one Independent.

Budget

21. Gross expenditure on services in 2005/06 was £663 million (Exhibit 2), which equates to £3,277 per head (Scottish average £3,151) and ranks it the ninth highest spending council per head of population. Band D council tax for 2006/07 was £1,196. This is sixth highest in Scotland and above the Scottish average of £1,129.

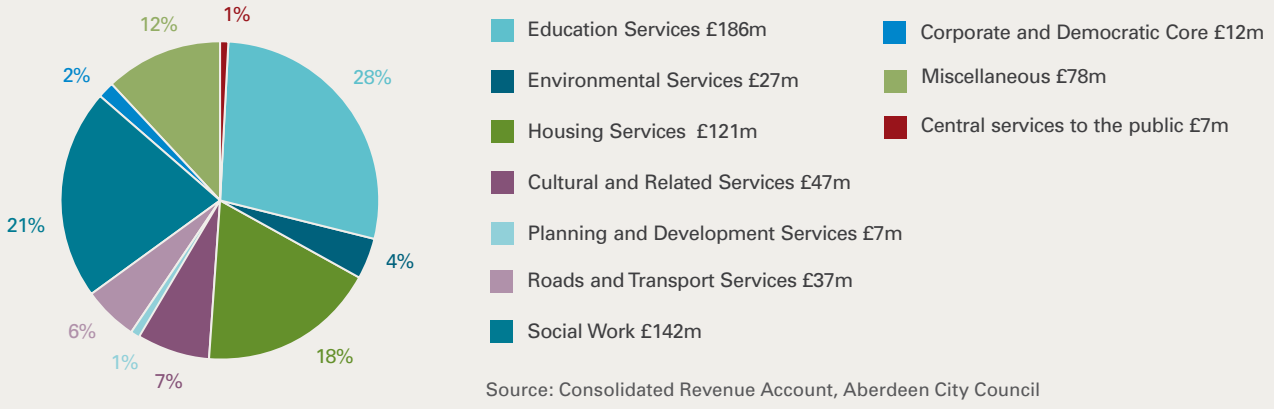
Leadership and culture

The council's vision of service modernisation is ambitious and widely owned by the senior leadership (political and managerial) of the authority, but much still remains to be done to transform these aspirations into consistent and sustainable service improvement across the whole organisation. Elected members need to do more to lead best value and drive continuous improvement in service delivery.

22. The council committed to 'modernise' and 'streamline services' at its inception in 1996. The council's chief executive, who has been in post since that time, has, supported by members, consistently championed this vision. The vision involves a combination of working with partners at city and regional levels to address strategic challenges, and moving services closer to local communities and designing them around the needs of local people.

23. Implementing its vision of change, first set out over a decade ago, has involved a continuing programme of cultural and structural change (Exhibit 3). The council identifies a number of distinct phases in this process.

Exhibit 2
Gross Expenditure 2005/06 (£633 million)



Source: Consolidated Revenue Account, Aberdeen City Council

1 *Scottish Executive Bulletin, Criminal Justice Series* – Recorded crime in Scotland 2006/07.

24. Although much activity had been undertaken since 1998, the council was unable to engage its workforce sufficiently in continuous improvement. Elected members and the chief executive were frustrated by the slow pace of change achieved by 2004. They attribute this to a culture of 'non-compliance' with the corporate systems and processes introduced to achieve greater accountability and a more performance-focused culture.

25. Attempts to accelerate the pace of change in recent years have included the appointment in 2005 of a management team collectively committed to the change process, supported by structural change (ie, the adoption of a six directorate model, as initially envisaged in 2001). These organisational changes were not completed until October 2006, the point at which the Best Value audit visit took place.

26. The new corporate management team (CMT) is now working to build management capacity through second tier managers and wider staff groups with a view to creating a more positive performance focus within the council. This is being done through management development training and more stringent application of performance management techniques (including staff appraisal), coordinated through the council's transformation programme.

27. There is evidence that the CMT works well together, is enthusiastic and is showing signs of addressing key improvements, but it is not yet clear whether its collective ability and capacity is sufficient to deliver on the council's modernisation ambitions. The need for greater capability and capacity across the organisation to support change has been acknowledged by the council, which in December 2007 allocated £1 million from its Modernisation Contingency Fund to create additional capacity to drive the transformation programme. A further £3 million has been earmarked for 2008/09.

Exhibit 3

Aberdeen City Council's self-assessment of its process of modernisation (1995-2006)

Phase	Period	Key organisational developments
One	1995-98	Traditional committee and service department structure. Manifesto commitment to modernise and council policy to 'streamline services'. But, a council commitment to minimise disruption to staff as a consequence of local government reorganisation acted as a brake on organisation change.
Two	1998-2001	Establishment of long-term vision of change and adoption of key principles to underpin change process, supported by: • political modernisation, ie rationalisation of committees (in line with Leadership Advisory Panel recommendations) • reorganisation of service delivery to separate strategic leadership from service delivery and support neighbourhood-based services (move from 14 services to ten: four strategic services, three central service delivery groupings, and three generic management areas charged with neighbourhood service delivery (2001)) • publication of first Community Plan (2001), and Continuous Improvement Plan. Commitment to further review in 2004.
Three	2001-04	Improvements in a number of important service areas, eg refuse collection and cleansing services, street lighting repairs, council house sales, but at a pace of change which did not meet member, staff or public expectations. Acknowledgement that commitment to change to date had been mixed.
Four	2005-present	Implementation of further organisational changes: • adoption of six directorate model, as envisaged in 2001 • creation of dedicated corporate capacity to support continuous improvement • creation of management cadre committed to change • adoption of new committee structure which better matches neighbourhood service delivery arrangements.

Source: Aberdeen City Council's Best Value audit self-assessment submission

28. The council has sought to engage staff in the process of change through direct involvement in transformation projects and more recently through its work on morale and motivation. However, during the audit we found evidence of both resistance and change fatigue among staff, suggesting that the council has some way to go to create the more positive and supportive culture required to promote the continuous improvement in services that best value requires. Securing staff ownership and overcoming resistance to change will be central in delivering the council's vision for service transformation.

29. Important building blocks for future change were being introduced at the time of the audit visit, including strengthened performance management and scrutiny and better integrated planning arrangements, and some of these processes have been further developed since that time. However, the impact of these changes on service performance and on the culture of the organisation remains to be established. It is not possible to say yet whether the council leadership has the capacity and capability to transform an organisational culture that remains insufficiently committed to continuous improvement.

30. At the time of the audit fieldwork, greater clarity in the programme of change that the council is trying to implement was needed to secure the understanding, commitment and ownership of staff, as well as enabling progress towards its modernisation objectives to be assessed over time. In late 2007, the council approved transformation strategies for children's services and adult services (health and care), and at the recent (February 2008) council meeting strategies for environmental services, sport services and waste management services were also approved. The council plans to develop strategies for regeneration, housing, and economic development during 2008.

Exhibit 4

Principles towards which the council wished to move

- The achievement of the highest standards of performance
- Clarity in lines of accountability
- Joint working across traditional council services
- Strong strategic leadership
- Strong partnering commitment
- A 'local face' for the council.

Source: Aberdeen City Council

31. The challenge facing the council leadership is exacerbated by a number of current pressures which are drawing unfavourable comment in the local media and must consume significant amounts of senior staff time. These include property disposal issues (paragraphs 86 and 133), budget difficulties (paragraphs 110 -119), a series of critical inspection reports, and an industrial tribunal which has received national and local media attention.

Political and managerial structures

The implementation of streamlined committee structures and new neighbourhood service delivery arrangements led to a period of misalignment between political and managerial structures and also created considerable confusion amongst operational staff about accountabilities and responsibilities. The political misalignment issue has now been addressed through the new committee structure, introduced following the 2007 election.

32. The council's managerial structure and political management arrangements have undergone significant change over recent years as a consequence of the council's commitment to modernisation.

33. During phase one of the change process (1995-1998) the council retained a traditional service structure of 14 departments, each with its own service committee. This was recognised by the chief executive and the political leadership of the authority as being inconsistent with their shared vision of corporate strategic management, focused on the needs of local communities. However, a position of minimal change was adopted by the council in 1995/96 at the time of transfer of services from the former Grampian Regional Council to Aberdeen City Council.

34. The second phase of the change process (1998-2001) established a set of principles to underpin the 'streamlining' process based on the deliberations of a member and officer working group (Exhibit 4).

35. In 1999, in anticipation of the Leadership Advisory Panel recommendations, the council adopted a streamlined committee structure (Exhibit 5). This structure was designed to break the traditional link between service departments and service committees to promote a more corporate approach at both member and officer level.

Exhibit 5
Phase two streamlined committee structure

The core committees are:

- Community Services Committee
- Education & Leisure Committee
- Environment & Infrastructure Committee
- Policy & Strategy Committee
  - Economic Development Sub-Committee
- Resources Management Committee
  - Corporate Health & Safety Committee
  - Finance Monitoring Sub-Committee
- Standards & Scrutiny Committee

In addition to the six main committees there are the Regulatory Committee, Appeals Committee, Pensions Panel, Licensing Committee, and Planning Committee.

Source: Aberdeen City Council

Exhibit 6
Map of the three neighbourhoods

Source: Aberdeen City Council

36. This change in the committee structure was followed in 2001/02 by the reorganisation of service delivery arrangements, with day-to-day service delivery separated from strategic functions and service delivery arrangements organised on a neighbourhood basis, under three managerial areas across the city (north, south and central) (Exhibit 6).

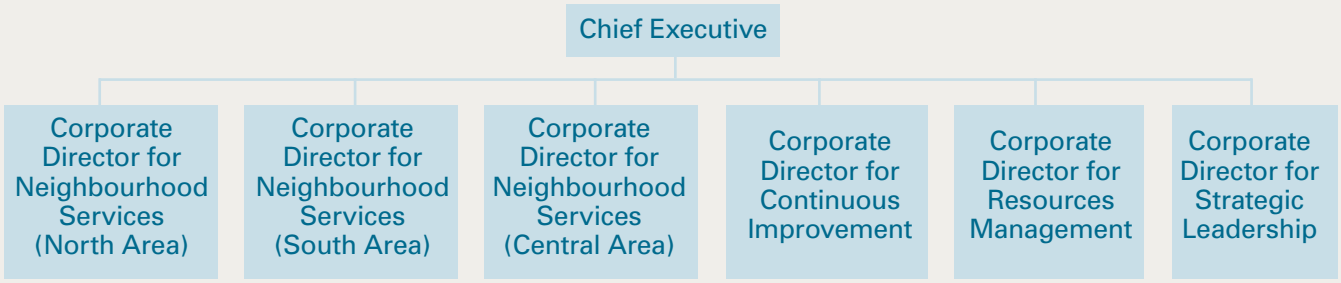
37. Each area directorate (north, central and south) has operational service delivery responsibility for three main service divisions (health and social care, culture and learning, and shelter and environment).

38. The logic underpinning these arrangements was to break down traditional professional boundaries between staff groups, leading to more 'seamless' services for citizens, more rapid responses to local issues, with the additional potential of securing efficiency gains and improved value for money. Benefits were also anticipated in terms of elected member involvement and engagement and improved multi-agency working at local level.

39. The third phase of the change process in 2005/06 further reduced the service structure to six directorates; three central directorates (strategic leadership, continuous improvement and resources management) alongside the pre-existing area directorates (Exhibit 7 overleaf).

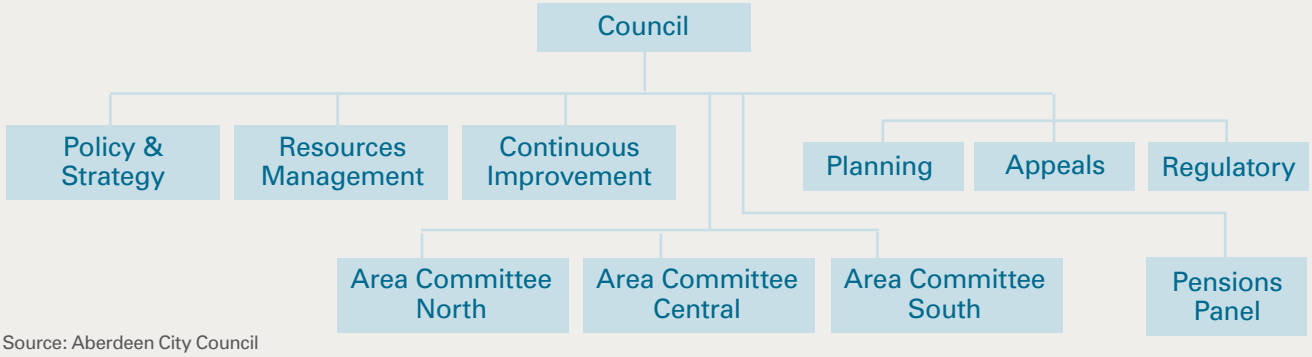
40. The purpose of the reformed strategic core of the authority, which consists of the strategic leadership, continuous improvement, and resource management directorates, is to provide strong direction and leadership for the city and to contribute to region-wide work on modernisation and public sector efficiency through shared services. These directors are responsible for policies and strategies which cut across geographical and community boundaries and for ensuring that council policies are consistently and equitably applied across the city. This includes a quality assurance role for the council's performance, both

Exhibit 7
Aberdeen City Council management structure



Source: Aberdeen City Council

Exhibit 8
Aberdeen City Council political structure



Source: Aberdeen City Council

city-wide and at neighbourhood level. This is a dual 'support and challenge' function in relation to those charged with neighbourhood delivery arrangements.

41. One of the principles underpinning the modernisation programme was that the changes introduced should improve accountability and strengthen the responsiveness of services at local level. However, at the time of the audit visit, many of the plans, policies and guidelines for new processes linked to neighbourhood service delivery, which would enable the council to demonstrate the effectiveness of these arrangements, were still in draft form, or had only recently been finalised, for example, several of the neighbourhood community action plans. This was over six years after the phased introduction of neighbourhood delivery arrangements had begun.

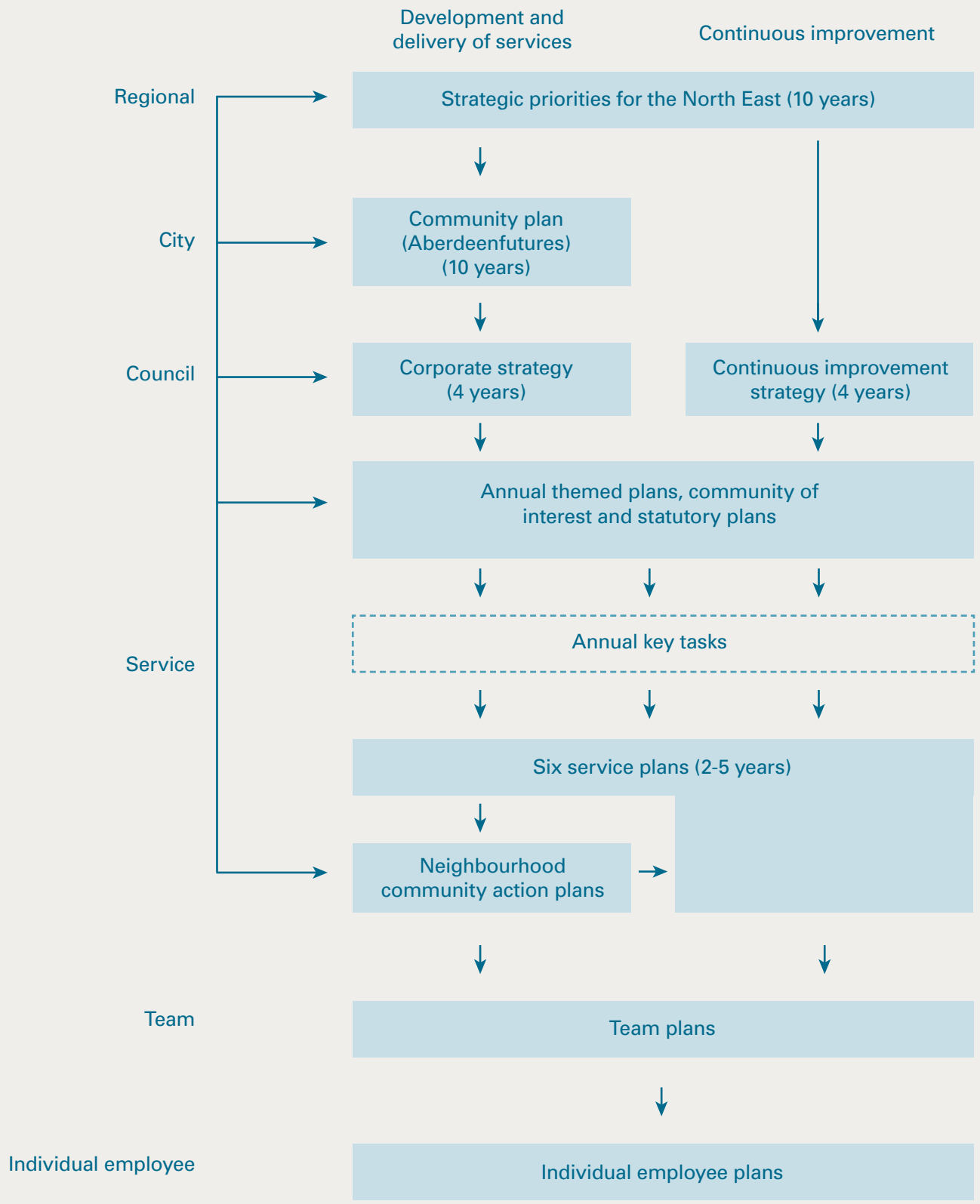
42. A further principle underpinning modernisation was that the changes should strengthen democratic accountability and improve elected member involvement in community and neighbourhood planning. There was evidence that members supported the principles underpinning area-based delivery and community engagement, a policy which was subject to review in 2005 and which has been council policy across several different political administrations. However, at the time of the audit visit it was not clear that the arrangements were yet achieving that goal of improved accountability. Seventeen of the council's 43 elected members (40 per cent) responded to our member survey. While 40 per cent of these felt that the neighbourhood delivery arrangements were an effective way to deliver services, 47 per cent were unclear about how and who to contact within the three areas. Staff interviewed during the audit echoed these concerns.

43. At the time of the audit visit the revised management structure, with responsibility for strategic leadership and overall service planning separated from responsibility for service delivery, was giving rise to a lack of clarity about strategic and area-based accountabilities and responsibilities among elected members and staff. The confusion was compounded by the lack of alignment at that time between political and managerial structures.

44. This is a significant issue for the council as it is essential that members have confidence in the council's flagship approach of modernising services through neighbourhood-based service delivery. Also, members need to be properly connected to the operational as well as strategic functions of the council to fulfil their community leadership and scrutiny role.

45. In 2007, the council agreed to adopt a revised committee structure (Exhibit 8) to allow for more decision-making at local level and facilitate

Exhibit 9
Aberdeen City Council's planning framework



Source: Aberdeen City Council

greater scrutiny of area-based planning activity (eg, Neighbourhood Community Action Plans).

46. This alignment of political structures with the area-based service delivery arrangements is helping to clarify accountabilities, but further work is still required:

- Neighbourhood service performance reporting provides some performance comparisons between the council's three areas, but important gaps still remain which need to be addressed before an overall view of individual service performance can be achieved.
- Information on citizen satisfaction with neighbourhood service performance remains underdeveloped.

Setting a clear direction

Aberdeen City Council's vision for community leadership and improving the local area is clear and well founded on consultation with local partners and communities. The council has made good progress in delivering on its community plan commitments, but elected members need to be more engaged with the community planning process. The council is working to align corporate and service planning arrangements with the local neighbourhood service delivery structures.

47. The council has established a sound corporate and business planning framework. The planning hierarchy reflects the recognition of the need to engage at a variety of levels to identify and deliver strategic priorities. The framework encompasses regional, city, council, service, neighbourhood, team and individual levels (Exhibit 9, page 17).

Exhibit 10
The community plan challenges

Leading the city – recognises the role of city leaders in ensuring good quality local services while ensuring Aberdeen's role in a global context.

Being informed – recognising the need to keep citizens informed about the right things at the right time using a range of media.

Getting involved – greater involvement by citizens and groups in the life of the city, more individual responsibility. Public sector organisations need to listen more.

Neighbourhood action – greater equity across the city, with a focus on social inclusion, promoting an area approach with local solutions to local problems.

Health and care – striking the balance between the competing needs of different care groups. A focus on older people and protecting the personal dignity of individuals.

Homes – more quality, affordable housing. Meeting the needs of young people and those escaping domestic violence. Antisocial tenants, energy conservation and home security were priorities.

Safety – crime prevention linked to social inclusion and tackling drug and alcohol abuse. Promoting road safety.

Land use and environment – more recycling and improved waste management. Better use of land.

Clean city – promoting responsibility and preventing waste and litter.

Transport and connections – an integrated transport system is seen as key to the development of the north east and the city.

Prosperity and jobs – recognises that more needs to be done to ensure that all citizens can take advantage of employment opportunities. Recognises the need to develop a more diverse economic base for the city.

Aberdeen's image – promoting the city throughout the world.

Learning – high-quality education for all contributing to greater social inclusion.

Arts, heritage and sport – a clearer approach and clearer commitment with an emphasis on accessible and affordable facilities.

Source: Aberdeen City Council

48. At the time of the audit visit the process of linking corporate and service-based plans and the more recently introduced neighbourhood community action plans was still under way. As a consequence, the council still had work to do to link resource planning and budgeting to corporate and service planning.

49. The council's review of its planning arrangements in April 2007 identified the need for further development in the following areas in the next round of the planning cycle:

- Reduce the size of the corporate plan.
- Greater consistency of terminology, particularly in relation to objectives and actions.
- Merge the corporate plan and continuous improvement plan.

The community plan

50. Aberdeen's community plan, AberdeenFutures, was launched in November 2001. The plan clearly reflects the local and national context in identifying priorities for the area. It was drawn up following extensive consultation with individuals, communities and other public sector partners. The community planning partnership used this consultation to develop an overall vision of '*…a city which is vibrant, dynamic, forward looking – an even better place to live and work, where people can expect high-quality services that meet their needs.*' From the consultation, the partnership identified 14 key themes (identified as 'challenges') which would contribute to realising the vision (Exhibit 10).

51. Each of the 14 challenges is supported by a list of measurable targets and actions. The council had made good progress on delivering on its community plan commitments at the time of the audit visit and most of the targets and actions in the original plan have now been achieved. A small number had needed to be reviewed in the light of changes in context or the non-availability of baseline information against which to measure progress.

52. The Aberdeen City Alliance (TACA) is currently reviewing its community plan in light of the contents of the 37 Neighbourhood Community Action Plans (NCAPs) which have been developed as part of the council's strategy for strengthening community engagement through its neighbourhood delivery arrangements. The process for agreeing the refreshed community plan was discussed by TACA in August 2007. It is anticipated that the new community plan will be finally approved in spring 2008 following approval of all partner boards. The new community plan would benefit from identifying which partners have lead responsibility for delivery as this would further improve accountability.

53. As part of this refresh process, the council and its partners also need to strengthen elected member leadership, and improve the operation of the challenge forums.

Elected member leadership

54. Community leadership is a key role for elected members. Members are involved in a number of the community planning forums, but at the time of the audit visit they did not feel sufficiently engaged in the community planning process. Only 12 elected members (28 per cent) who responded to our survey[2] felt that they were sufficiently involved in community planning and only three (seven per cent) felt they received sufficient information about the community planning partnership and its activities. This suggests that members were not taking a key leadership role within the community planning process.

55. Better training and development could foster improved engagement from elected members. Although a voluntary programme of elected member development events is drawn up each year (some of which are delivered jointly with Aberdeenshire Council) to keep members up to date with current legislation, less than half of members surveyed during the audit reported receiving any training in the last year.

56. Since that time one-to-one meetings with all councillors have taken place to identify their training needs and member attendance at corporately organised training events is now recorded centrally.

Challenge forums

57. A challenge forum is in place for each of the 14 community planning challenges. The forums are responsible for leading, consulting, realising actions and reporting progress, but there are important weaknesses in their operation. In 2005, the council commissioned research to identify how it could improve its community planning arrangements.[3,4] This was a proactive attempt to learn lessons from the early stages of community planning and strengthen joint working with partners and communities. The research identified differing practices and performance across the various elements of the community planning framework. It found that a number of the challenge forums (Neighbourhood/Locality Planning and Image Aberdeen) were working well towards meeting targets and achieving outcomes. However, others such as the Environmental Challenge Group were uncertain about their role and purpose.

58. Some of the difficulties identified in 2005 with the operation of the challenge forums still remained at the time of the audit visit in late 2006. The links between the forums and TACA

2 These data are presented based on a response rate of 40 per cent (17) from the council's 43 elected members who were surveyed.
3 *Challenge Forums Internal Review and Options Paper*, Dr P Tosh, 3 June 2005.
4 Community Planning Costing Exercise. *Aberdeen City Community Planning Partnership Case Study, Final Report*, Jones Economics, November 2005.

(the main partnership board) were weak, action plans were developed in isolation, and some forums had not developed action plans. More positively, performance monitoring against performance targets and community plan objectives had improved, with a progress report published annually and made available via the community planning website.

The corporate plan

59. The council's corporate plan for 2004-08, which was updated in June 2006, sets out the council's aims and objectives and reflects the overall vision of the community plan. The aims and objectives are based around five themes (a clean and healthy city, city development, learning and leisure, shelter, and social care) backed up by seven community challenges, three environmental challenges and one economic challenge.

60. The corporate plan expands on its and the community plan's vision that the council is '*recognised within the city and more widely, as being a leading council in Northern Europe by 2010*'. There is a considerable degree of thematic overlap between community plan challenges and the more specific objectives contained within the corporate plan, but the links between the two could be more clearly set out, particularly around the community planning challenges of leading the city, being informed, neighbourhood action and Aberdeen's image.

61. Although the plan contains critical success factors for the various actions within it, these are largely process or output-driven statements. A report to the council by the corporate director for strategic leadership in June 2006 acknowledged the need to include more measurable targets in future updates of the corporate plan.

62. The council does not publish its corporate plan and it is not easily accessible through the council's website. The council views its corporate plan as an internal working document, although it does publicly report on its targets. Making the corporate plan more publicly visible would improve transparency and accountability.

63. At the time of the audit visit, the council was also monitoring the manifesto commitments of the Liberal Democrat and Conservative coalition.

64. In June 2007, the council approved its new policy statement called 'Vibrant, Dynamic and Forward Looking' which supersedes 'A Partnership for Aberdeen (APFA)'. This will be used to inform future planning. Full integration between its strategic documents will assist more streamlined monitoring and accountability.

Service plans

65. In November 2006, the director for continuous improvement, recognising the need to strengthen compliance with the council's planning framework, commissioned an internal audit report on service plan development. The resulting report described a maturing process which was considered adequate, but with a number of weaknesses still evident in 2005/06 and 2006/07:

- The 2005/06 service plans were out of date by the time they were completed.
- The 2006/07 plans had been only partially completed and were not approved by either the council or the corporate management team.
- There had been no review to ensure that service plans could be delivered within existing budget allocations.
- Service planning guidance was not easily accessible and there were gaps in compliance.
- Since that time, the council has improved service planning guidance. The guidance includes a pro forma for service plans including a number of elements, for example risk, performance reviews, sustainability, social inclusion, strengthening local democracy, equalities and training.

67. This guidance has not been fully successful in assisting services to extract relevant priorities from strategic plans and translate these into local programmes of action which will support key corporate objectives. Despite the service planning guidance, the plans in development at the time of the audit visit, which apply from 2007/08, lacked a consistent approach and varied in quality. They had different timeframes, lacked local prioritisation of activity, did not consistently contain SMART action plans and clear service performance measures, and were not linked to resources. This is particularly significant given the council's view that *'the hub that brings [legislation, policy at neighbourhood, city, regional, and national level] together is our Service Plans.'*

68. The service planning process continues to be developed by the council, with work already under way to ensure 2008/09 service plans are clearly linked to resources. The council has also begun to report on the progress of each service plan to the Continuous Improvement Committee.

Engaging with communities

The council's modernisation programme is driven by a vision of closer engagement with local communities. It has successfully engaged communities in developing neighbourhood community action plans to inform its corporate and service planning processes. Its neighbourhood service delivery arrangements are helping to make services more responsive to users.

Community involvement

69. The council's corporate plan has 'strengthening local democracy' as a priority, the main aims being to

Exhibit 11
Neighbourhood involvement in Aberdeen

The two main aims of community planning in Aberdeen are to:

- make sure people and communities are genuinely engaged in the decisions made about public services that affect them
- get a commitment from organisations to work together to provide better public services.

The council's approach involves:

- consulting with individuals and communities
- supporting the work of community councils
- encouraging and supporting involvement from other public sector organisations
- developing and delivering joint local services that meet local needs
- providing joined-up services with other public sector, private sector and voluntary organisations in consultation with community councils and other community groups.

Each neighbourhood has an action plan that is drawn up after extensive community consultation. Elected members and partner organisations are also involved in producing these plans.

Source: Aberdeen City Council/Audit Scotland

achieve active, informed and involved citizens. The council's approach is described in its Strengthening Local Democracy strategy. The council involves citizens, community groups and individuals through a number of different methods (Exhibit 11), including a citizen panel (City Voice); a civic forum (the City Assembly); and seven Community of Interest Groups set up to discuss specific issues such as equalities.

70. A neighbourhood focus has been seen as an important element of making services more responsive to local communities. To that end the council worked with local residents to identify 37 neighbourhoods within which Neighbourhood Community Action Plans (NCAPs) reflecting local priorities were developed with local people.

71. These NCAPs are the outcome of the first round of 'planning for real' exercises to engage local communities in designing services to meet their needs and ensure that the council has an improved focus on meeting locally determined priorities. The council has demonstrated considerable commitment to engaging with communities through this process, with some evidence that it is resulting in tangible improvements at local level, such as the successful joint working with NHS and police partners in Torry (Exhibit 12, overleaf).

72. At the time of our audit visit, work was ongoing to translate the NCAPs into practical action plans and integrate them with other business planning processes. At that time, the action plans listed un-prioritised actions (1,328 'priorities' in the main summary document), mainly covering environmental issues such as litter and graffiti. A detailed profile of each neighbourhood was included but local service performance was not analysed to inform local needs assessment, define priorities or measure trends. The plans were not linked upwards to the area service plans, corporate and community plans. The council is seeking to integrate plans more effectively.

73. The council does well on consulting its citizens. The citizen panel 'City Voice' is run jointly by the community planning partnership and, like Torry, is another good example of joint working.

Accountability and openness

The council has the basic building blocks of public performance reporting in place. Its website allows access to committee papers and the Annual Performance Report demonstrates a mature approach to corporate public reporting. This good practice needs to be extended to service and area-based performance reporting.

74. The council has some of the building blocks of openness and Public Performance Reporting (PPR) in place:

- Council committee papers and minutes are readily available on the council's website, making decision-making open and accessible to the public.
- The Annual Performance Report is a well-presented, readable, balanced document and is Crystal Marked for Plain English. It includes current performance against targets for services and comparative and trend data. The document also sets out

future targets and includes examples of poor performance with explanations and action for improvement. This demonstrates a mature approach to public reporting. The information is advertised as being available in other formats and languages and an interpretation and translation service is offered.

75. However, the Annual Performance Report is not widely distributed or advertised, and its good practice is not reflected in individual service or area-based PPR. At the time of the audit visit the council recognised the need to develop service specific public performance reporting and had identified the opportunity to strengthen local accountability through area-based performance reporting based on the three area structure. It had committed to producing geographically based reports for each neighbourhood following the publication of the annual service performance reports in May 2007. While performance reporting to area committees now takes place, service performance within neighbourhoods is not yet comprehensively reported.

76. At the time of the audit visit in early 2007, there were weaknesses with service-based reporting. A July 2007 internal audit report found that, despite the guidance issued by the performance management and quality assurance directorate in relation to service and area-based PPR, there were inadequacies in management arrangements and significant non-compliance with stated policy. No single officer was responsible for the production and promotion of PPRs within directorates, and of the 130 reports which services have committed to publish, only four were available to internal audit. Systems in this area have subsequently been strengthened and the council now has a public reporting schedule which is included as a corporate performance indicator and reported to committee.

77. The council has a scheme of delegation (Orders of Reference), a code of conduct for members (currently being updated) and a register of members' interests. These latter two documents are available on the council website. At the time of the audit visit, the delegation scheme was being reviewed in response to the new neighbourhood service delivery arrangements.

Exhibit 12

Successful joint working in Torry

Inter-agency and cross-services working have been developed in Torry over a number of years through the Torry Development Group (TDG), involving all front-line staff and community representatives based in Torry. The identification of health inequalities and poor access to localised healthcare by the group led to the creation of the Torry Neighbourhood Centre. The Neighbourhood Centre opened in 2003, bringing together under one roof NHS, police and city council staff working locally. The centre provided a base from which numerous other initiatives for joint working were developed. An example is the arrival of community wardens in 2005.

Regular attendance by head teachers and other educational practitioners at the TDG helped to identify issues of importance and relevance to young people, and opened opportunities to engage young people in a manner and a place where they were comfortable discussing matters. The Youth Cafe development grew out of the issues identified at the TDG and this facility is now run by its own independent management committee as a registered charity.

The approach to multi-agency working had become identified as Total Communities, a structured model of co-operation around community safety and environmental awareness themes. The most significant local issue was the need to address wilful fire-raising in Torry and the neighbouring Gramps, where fire-raising in 2005 was the highest in the city, and was costing the fire services heavily in terms of call-out time and attendance. The Gramps Initiative, as it became known, involved countryside rangers, wardens, fire and police officers visiting schools and organising walks and talks that linked curriculum and field trips to the local environment. The measured outcomes came through after the first year of this networking approach, which recorded a marked fall in fire-raising, and led to a saving in the fire service's operational budget of approximately £150,000 in 2006. The measured outcomes for the second year have confirmed the downward trend in wilful fire-raising.

Source: Aberdeen City Council

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

At the time of the audit visit, the council had set out its framework for managing performance and important building blocks for delivering best value were being introduced. This had led to some service improvements. However, while performance reporting and scrutiny is improving, much remains to be done to establish effective performance management. Overall, the performance-focused culture aspired to by senior management is not yet consistently in place across the organisation.

Members are keen to scrutinise service performance but at the time of the audit visit, arrangements for scrutinising decisions and performance were weak. These have since been strengthened but the impact in terms of improved performance is not yet evident and the challenge for the council to change the culture of non-compliance remains.

The council cannot demonstrate a robust approach to testing the competitiveness of its services. Its financial health is precarious, and this increases the importance of addressing its past failure to deliver the saving commitments made by services. Better links need to be established between budgets and service plans.

The council has made progress with its Customer First customer care programme, and the human resources service has been successful in increasing training investment and tackling high vacancy rates in certain service areas. It has begun to adopt a more strategic approach to workforce management, but significant challenges remain in relation to staff morale and despite improvements in managing sickness absence performance remains below the Scottish average level.

Performance management

The council is committed to performance management and has made progress in introducing a corporate performance management framework through which it can demonstrate some improvements in service performance. However, the significant management investment to date is not matched by sustained service improvement. A performance-focused culture is not yet consistently present in all areas of the council.

78. The council is committed to developing a performance-focused culture across the organisation which is seen as central to its modernisation programme. The post of head of performance management and quality assurance was created in 2006 to support services in managing and monitoring performance effectively.

79. The council's approach to performance management is set out in its corporate statement on collaborative leadership and management systems. As well as describing the council's planning arrangements, the document sets out a range of processes which form the basis of the council's performance management framework. These include:

- a performance reporting framework for all services to complete detailed standard reports
- Citistat – an accountability and challenge tool for poorly performing service areas
- the adoption and publicising of specific service standards
- a range of staff management arrangements which include Close Supervision, Managing and Supporting Work Programme, and appraisal.

80. The council's extended CMT Performance Board, attended by all corporate directors, heads of service, and operational service managers, is a key forum for corporate performance management. The board meets monthly to monitor key performance issues and determine appropriate improvement actions using a balanced scorecard approach.

81. At the time of the audit visit there was evidence that progress was being made in improving the council's performance management arrangements:

- Scorecards were being put in place across the council.
- Performance data was increasingly available.
- Some service improvements could be demonstrated through implementation of Citistat, for example, dealing with housing voids and improving delayed discharge performance.

82. Corporate processes to support performance management and achieve service improvement have been further developed during 2007, and the overall direction of travel is positive in terms of strengthening accountability. The council recognises that some key aspects of performance monitoring and reporting still require further strengthening and have plans to close gaps in the following areas:

- Data reliability – which needs to be improved.
- Measurement and reporting of core service performance and citizen satisfaction with services – which is underdeveloped.
- Neighbourhood services performance reporting – which although it has improved since the time of our audit visit does not yet provide clear performance comparisons between the council's three areas, or give an overall view of individual service performance.

83. Significant amounts of management and service staff time are dedicated to improvement activity, but its impact in improving services cannot yet be consistently demonstrated, as shown in our discussion of service performance in Part 3 of this report.

Scrutiny

There are weaknesses in the council's arrangements for scrutinising decisions and performance. At the time of the audit visit in early 2007, members were keen to scrutinise service performance, but the information they received was not fit for purpose and they lacked confidence in challenging officers.

84. Members are keen to challenge service performance. However, interviews with elected members and observation of committees suggested that, while members show a keen interest in the performance agenda, the council needs to improve the quality of performance reports submitted for scrutiny. Members who responded to our survey indicated that they needed better information to explain underperformance.

85. The level and quality of information provided to members varied across services. While some progress has been made in increasing the consistency of the information, further development is needed to ensure it supports effective scrutiny.

86. There is evidence that members are not always getting the appropriate information to enable them to make decisions. For example:

- There is a lack of detailed option appraisal within Best Value reviews and some reports have significant gaps in information.
- An external audit report on an internal audit investigation into property disposals in Aberdeen City, which is currently being considered by the Controller of Audit, highlighted examples of misleading information being presented by council officers to members.

87. There is also some evidence of officers not being held to account effectively. For example:

- There was no evidence of effective challenge of the projected overspend of £4 million in health and social care for 2006/07, consisting of approximately £2 million in children's services, £1 million in home care and £1 million in learning disability services. Home care services were approximately 30 per cent over budget.
- At the time of the audit visit, there was little evidence of challenge or scrutiny of Best Value reviews by members. A Service Monitoring Panel, comprising members and officers, monitored timescales and progress but did not monitor the impact of reviews or effectively challenge poor progress.

88. These examples demonstrate that members were not exercising their leadership role effectively, and driving continuous improvement. Officers need to provide members with better quality information to support the scrutiny process. Members need support to develop a culture whereby they feel confident challenging officers more to deliver Best Value.

89. Action to improve scrutiny is under way. Member training on the work of the Continuous Improvement Committee, which was introduced as part of a revised set of scrutiny arrangements, took place in late May 2007. This builds on earlier member training in this area which dates back to early 2003.

Customer care

The council has developed an ambitious vision for customer care, has invested in consulting its citizens and is using this information to improve access to services. It is also strengthening customer care skills among staff.

90. The council's commitment to customer care is articulated in both the community plan and corporate plan and is one of the six values adopted by the new CMT in November 2005 to underpin its work. The Customer Contact Strategy sets out the vision (Exhibit 13, overleaf) for customer access and describes how the council will achieve it. The customer contact strategy's Customer First programme has a three-strand approach: a contact centre, access points and e-access.

91. The council measures customer satisfaction through user surveys and its citizen panel. The citizen panel survey showed:

- 46 per cent of respondents felt council services were available at times that suited them
- the most popular means of contacting the council was via the website with the option of phoning if necessary
- 45 per cent of respondents would find it useful if customer service centres were available in parts of the city other than the city centre.

92. The council has chosen a model for its contact centre whereby customers use separate numbers connected to specialist advisers in order to maximise the number of enquiries resolved at first point of contact. Three services were chosen for the initial phase of the contact centre – general switchboard, environmental services, and housing repairs.

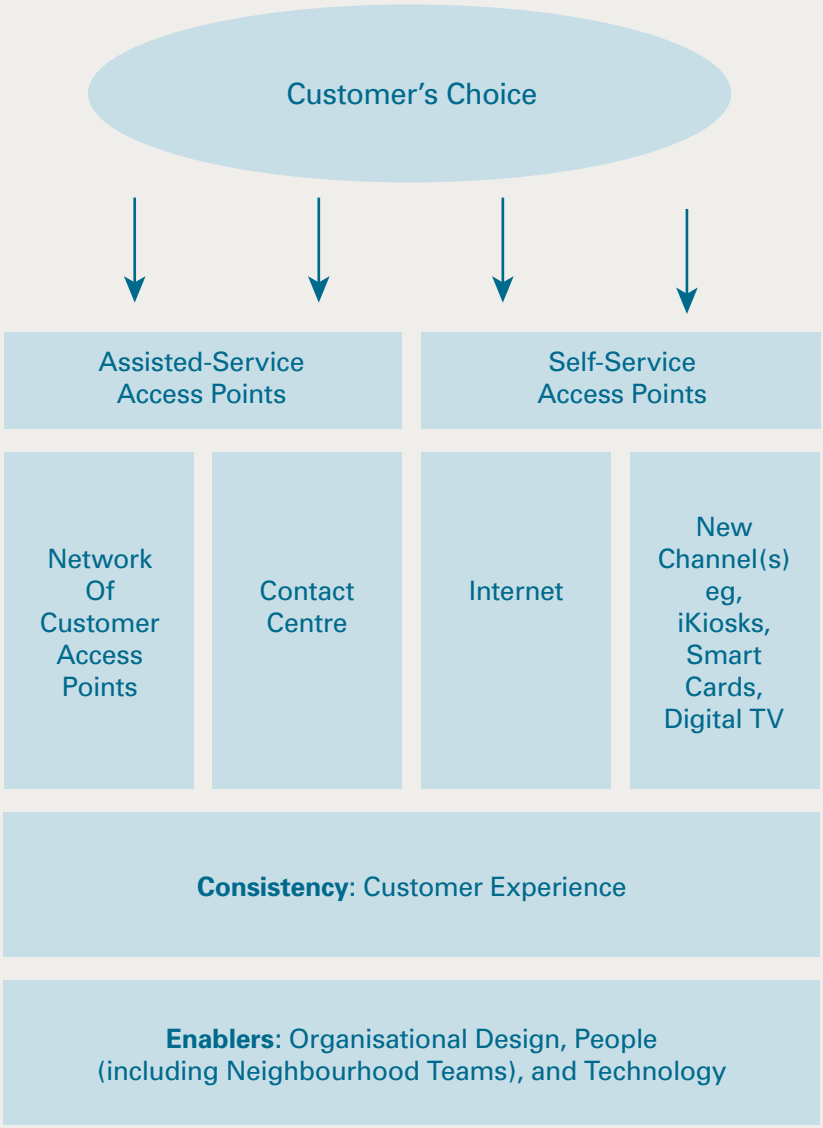
93. The council is now making good progress with its Customer First programme. The contact centre opened in July 2006. The council carried out an initial customer satisfaction survey of the centre in October 2006, which showed positive results.

94. Initial problems with staffing levels meant a significant number of calls were 'lost', but measures have been taken to address this and there has been a substantial improvement in performance. The council is investigating ways to make staff deployment more flexible in both the contact centre and customer access points to cope with varying demand.

95. In its policy statement 'A Partnership for Aberdeen' in 2003, the council committed to creating a network of 'one stop shops'. Following the opening of The Point, an access centre in central Aberdeen, the council plans three more area access points. The first of these opened in Mastrick in June 2006 (Exhibit 14) and the second in Kincorth in February 2007. Local consultation informed the range of services available at each office.

96. The council has adopted an innovative approach to widening customer choice by setting up a network of outdoor iKiosks to provide electronic access to council services and accept payments such as council tax.

Exhibit 13
The customer care vision



Source: Aberdeen City Council

Exhibit 14
The Mastrick access point

One of the key elements of Aberdeen City Council's Customer First programme is the development and implementation of a network of customer access points, face-to-face customer service points, across the city.

Locations for the initial access points were approved after evaluation against the following criteria:

- Centres of population within the community.
- Deprivation in the area.
- Established communities within the area.
- High potential for success and possibility of building on existing council models.
- Impact of future trends (eg, implementation of the corporate multi-channel contact centre and increased electronic service delivery).

Mastrick, opened to the public on 22 May 2006 in the Mastrick Housing Office, following extensive consultation over which services should be provided:	
The following services were provided from the opening date:	The following have been added subsequently in response to customer demand/requests:
Accord card – application, payment, replacement	**Aquaswim** – payments
Access to leisure – applications	**Complaints/queries** (Environmental Services)
Allotments – applications	**Council job applications**
Bulky uplifts	**Dog waste bags**
Bus shelters – reporting damage	**Mutual exchanges** – mutual exchange books
Dial-a-bus – information provision	available, cards for exchanges provided and displayed
Disabled badges – application and payment	**Quick drop facility** – for rent payment
Education Maintenance Allowance – applications	**Recycling** – provision of white paper bags
Essential clothing/footwear – applications	**Scotland-wide youth travel card** – applications
Housing Insurance – applications	**Translation service** – information provision
Housing repairs	
Parking–fines – payments, parking permits – applications	
Recycling – information provision	
School catchment areas – information provision	
School transport – accept and forward details	
Taxi card – applications, renewals	
Youth travel card – applications	

Source: Aberdeen City Council

97. The council's customer care training for employees is well developed. Training is delivered via a series of half-day workshops for all grades of employees. A two-day course is delivered in conjunction with Aberdeen College leading to a locally recognised qualification, and employees are also encouraged to work for the Institute of Customer Service (ICS) Professional Award. Twenty-five employees undertook the ICS training in 2005, 22 in 2006, and a further 30 in 2006. Of these 75 staff, 15 have now qualified.

98. The council's 'How to' guide is a very good handbook for employees dealing directly with customers. It covers face-to-face, telephone, email and letter contact, guidance on the use of plain English, how to deal with difficult customers, and how to understand different kinds of disability. The council has also developed customer service standards against which it plans to measure customer care performance.

99. The council has a clearly defined complaints procedure. Information on how to make a complaint, including recourse to the public services ombudsman, is set out on the council website. People can also pick up comments forms from council access points, offices and libraries. A clearly set out guidance note advises employees how to deal with complaints.

Exhibit 15
Services last exposed to competitive tendering

Service	Year last exposed to competitive tender
Building Services (North and South)[5]	2006
Roads Maintenance	On a job-by-job basis
Environmental Services	1994
Grounds Maintenance	1994

Source: Audit Scotland

Competitiveness

The council has made limited progress in testing the competitiveness of its services.

100. Demonstrating competitiveness and ensuring that delivery arrangements are fit for purpose are both key requirements of Best Value as well as being central to the Efficient Government agenda.

101. The council's approach to market testing has been inconsistent across services (Exhibit 15) and until recently it made limited use of benchmarking of cost and performance against other suitable providers, although this information is increasingly used as part of the Citistat process. As a result it cannot demonstrate that it has used a rigorous and comprehensive approach to testing the competitiveness of in-house services.

102. The lack of exposure to competition of the environmental services and grounds maintenance contracts for over a decade is difficult to justify:

- The environmental services contract has run continuously since October 1994, despite considerable change in the contract delivery since then (eg, converting to wheelie bins). A service review for this area, conducted in 2002, focused on improving working practices and health and safety but did not include full options appraisal or benchmarking with comparators.
- Grounds maintenance is split into five contracts with the most recently let contract dating back to August 1994. The current geographical split of the contracts, which relate to the former district and regional authorities, is not consistent with the council area boundaries of north, south and central, although at the time of the audit visit the council was planning to merge the existing five grounds maintenance contracts into three, to align them with the new area boundaries presently in use. The council now plans to modernise these services through its recently approved Strategy for Transforming Environmental Services.[6]

5 The Public Building Contract for the Central area was awarded to an external provider, based on qualitative factors, following a recent Best Value service review. The in-house service, which had submitted the lowest bid, appealed the decision and the outcome from the Resources Management Committee was, in February 2007, to retain the service in-house on the basis of additional 'best value' factors submitted by the Head of Resource Development and Delivery.
6 *A Strategy for Transforming Environmental Services*, Aberdeen City Council, 13 February 2008.

103. The council review of its environmental services which informed the new strategy confirms that:

- while successes have been achieved, such as 'in bloom' competitions, overall Environmental Services are not consistently performing among the best in Scotland
- the cost of overtime, contracted and agency staff is high
- many of the processes within these services are bureaucratic, labour intensive and create service blockages
- the costing and pricing mechanisms for these services dated back to practices from the early 1990s.

104. The absence of exposure to competition must have contributed to these performance failings which the council is now seeking to address through the environmental services transformation strategy.

105. There is some evidence of alternative models of delivery being implemented by the council, for example, the shared procurement work with Aberdeenshire Council referred to in the procurement section of this report and shared catering provision with health partners. Further work in this area is being considered, for example, the investigation of joint procurement residual waste treatment facilities with Aberdeenshire Council (to include energy from waste as an option) and opportunities for common service delivery in other waste management areas as part of the wider waste management transformation strategy.[7]

Continuous improvement

The council is committed to continuous improvement, but at the time of the audit visit its strategy for delivering this was still under development. It has recently developed a series of ambitious transformation strategies.

106. The council marked its commitment to continuous improvement by setting up the continuous improvement directorate to promote, coordinate and monitor improvement activity across the council. The director came into post in February 2006 and by October 2006 had established the council's continuous improvement service.

107. At the time of the audit visit, the council had in place a number of processes to support continuous improvement such as balanced scorecards, Best Value reviews, and a customer care strategy, but it had not yet articulated how all of these different activities and initiatives were to be woven together into a coherent corporate programme.

108. At that time the council's transformation programme was essentially a list of individual projects submitted by managers, lacking an organising principle and clear priorities linked to corporate and community planning goals. During 2007, the transformation programme was refined and used to develop a series of transformation strategies (services to children and young people, adult services (health and care), both of which were approved in 2007), and more recently waste management, environmental services, and sports (approved by the council in February 2008). Housing, regeneration and economic development transformation strategies are planned to be developed later in 2008.

109. The transformation programme has the potential to provide coherence for staff, by setting out clear expectations about the council's commitment to improvement in these services, building on good practice where it exists. This is an ambitious programme of change which will require significant and sustained leadership and monitoring, and it is critically dependent upon the council being able to secure effective engagement from the staff groups who will be responsible for implementation. The extent to which this process delivers the improvements in competitiveness and service performance which Best Value requires will only be demonstrated over time.

Management of resources

The council's financial position is precarious, with significant deficits over the last two years and a further deficit predicted in 2007/08. It needs to strengthen resource management significantly to ensure that savings commitments made by services are achieved in order to deliver a sustainable medium-term financial strategy.

Budget setting and service and financial planning

110. By late 2006, the council's budget-setting process had moved on from a traditional one-year budget to one which captured all existing financial commitments, considered future strategic challenges, and on the basis of that information set a three-year budget.

111. This process was systematic, but the council's approach to linking budget setting to capital and service planning was underdeveloped. Although capital planning forms part of the ongoing service planning process and was included as a specific topic within the service planning guidance issued to all

7 *A Strategy for Transforming Waste Management Services – 2008 to 2011*, Aberdeen City Council, 13 February 2008.

services, the links between these processes and the budget set by the council were not clear (as with service planning more generally). The council's transformation strategy now seeks to address this weakness.

Financial health

112. At the time of the audit visit in early 2007, the council's overall financial health was poor. It is now precarious, and significant further work is needed to strengthen resource management to overcome the ongoing demand-led cost pressures in health and social care, which the council has struggled to address over recent years, and to deliver the savings contained in both the 2007/08 and 2008/09 budgets.

113. In the financial year 2005/06, the council incurred a £16 million decrease on its general fund balance, largely as a consequence of settling equal pay claims. In 2006/07, the council incurred a £611,000 decrease on its general fund balance. This relatively small decrease was achieved primarily through transfers from the capital fund. During 2006/07, £59.9 million of capital receipts was credited to the capital fund from the disposal proceeds from ground leases in industrial estates. Transfers of £6 million and £7 million from this fund were used to meet capital expenditure on the General Fund and Housing Revenue Account (HRA) respectively. A further £15.3 million was transferred to the General Fund from the capital fund to cover capital debt repayment. The need for the transfer of these funds arose from the failure of services to deliver the majority of the revenue savings agreed by council to address the projected health and social care overspend of £4 million, and the subsequent non-delivery of the urgent actions agreed by the Financial Monitoring sub-committee in February 2007.

114. For 2007/08, the council's most recent financial projections, in December 2007 and February 2008[8], anticipate a shortfall on the council's general fund against the budgeted outturn of over £8 million in 2007/08, leaving the council with an anticipated closing general fund balance of £2.9 million. This is significantly below the minimum £9.3 million reserves figure required under council policy and is likely to be below the level required to cover committed sums. If this projected outturn is achieved, the council plans to transfer funds from other reserves and balances, including the capital fund, to restore the general fund balance above £9.3 million. The City Chamberlain acknowledges that balances will need to be reinstated in future years and that the continuing use of non-recurring funds is not a sustainable option. However, a revised strategy to restore balances has not yet been developed. A report on this is scheduled to go to Committee in August 2008.

115. The council is seeking to address the demand-led pressures in health and social care through its strategies for transforming services to children and young people, and adult social care services, both of which were approved in late 2007. These strategies aim to deliver net annual savings of £2.46 million for children and families services and £11.39 million for adult services by 2011/12 and bring projected spend closer to Grant-Aided Expenditure (GAE). Delivering these changes will not be easy:

- The strategic challenges the council needs to address to secure savings are significant. For example, the council's spending on out-of-authority care has grown from £7.6 million in 2004/05 to £10.6 million in 2006/07 and the February 2008 financial projections report that reducing the number of children accommodated outside of the city as part of the transformation strategy has been challenging; holding numbers stable appears to be the best possible option at this time. As well as creating financial pressures, this is also compromising the council's ability to invest in prevention, diversion and early intervention services. The transformation strategy acknowledges the significance and extent of the problem, but many of the solutions it proposes are medium-term in nature, with some of the key actions (such as rebuilding a full-time special educational and behavioural needs (SEBN) placement facility) unlikely to be in place until 2010 at the earliest.

- The council's transformation strategy indicates that the operational improvements needed to deliver the strategy are significant as the council's existing investment in education and health and care services is greater than comparator authorities, but service performance is not always consistent with the high levels of resource investment. Addressing this will require significant improvements in resource management.

- The council has received critical inspection reports from the Social Work Inspection Agency (SWIA) which call for significant improvements in the quality of health and social care services in Aberdeen, with important recommendations which need to be addressed alongside the transformation strategy.

116. Looking beyond health and social care, more recent transformation strategies (waste management, environmental services, and sports) approved by council in February 2008, also seek to improve the council's financial position by

8 *2007/08 General Fund Revenue Budget Monitoring Report*, Resources Management Committee, Aberdeen City Council, 26 February 2008.

either minimising increases in costs (waste management), addressing unsustainable levels of expenditure on services (environmental services), or achieving revenue budgetary savings (approximately £1 million per year in the medium to long term in the sports strategy).

117. There is significant uncertainty over the council's ability and capacity to deliver these changes. The strategy for transforming services to children and young people acknowledges that the culture required to address the strategic challenges is not yet prevalent in the council. And, given the past failure to deliver health and social care savings, significant risks remain to the council in this area. The February 2008 budget monitoring report indicates that while a number of significant actions linked to the strategy are now being implemented it is taking longer than expected to achieve the level of savings required by the strategy. Indeed, between the December 2007 and February 2008 budget monitoring reports, the council has seen an adverse movement of £3.4 million in the central area as a consequence of savings in many of the demand-led services not yet being delivered.

118. The council's budget for 2008/09 anticipates savings of almost £27 million being achieved. This looks optimistic given the difficulties encountered in realising savings over recent years and the acknowledged delay in seeing positive financial results from the transformation strategy improvements achieved during 2007/08.

119. The situation is now such that an ongoing failure to achieve savings commitments would have major strategic consequences for the council and the services it provides to citizens. Progress against the various transformation strategies and more general budget savings commitments made by the council will need regular and robust monitoring and remedial action where required, alongside the revision and implementation of the strategy to restore balances.

Exhibit 16
Recruiting and retaining employees

Bursary scheme

The council has worked with Robert Gordon University to develop a 'Grow Your Own' bursary scheme for social work students. Since 2003, 22 bursaries have been offered to students. Students are guaranteed a placement with the council and, after a satisfactory assessment period, become employees of the council for a minimum of two years.

Of the 22 people recruited since 2003, only four have left employment with the council, two have transferred internally to other social work roles and one other left but has since returned to the council. The council plans to repeat the bursary scheme in 2007.

This scheme has been successful in recruiting employees to meet immediate staffing shortages in traditionally the 'hardest to fill' areas of social work services, ie, children and families services. At the time of the fieldwork, there were no vacancies in children and families – indeed it has proved challenging to place the most recent trainees.

Source: Aberdeen City Council

Managing people

The human resources service (HR) has been successful in increasing training investment, tackling high vacancy rates in certain service areas and dealing with equal pay claims. It has begun to adopt a more strategic approach to workforce management. But, significant challenges remain in relation to staff morale and sickness absence remains above the Scottish average level.

120. The council has a staffing establishment of 8,540 full time equivalent employees. The council's draft HR strategy, first developed in May 2005, has subsequently been published as a Workforce Strategy, with detailed actions planned to address issues highlighted in the November 2005 staff survey and support the broader change strategy upon which the council is embarked.

121. The HR service can demonstrate some significant achievements:

- A corporate approach to assessing training needs and objectives is in place through the council's appraisal scheme, which applies to all employees including the chief executive.
- Corporate investment in training has almost doubled from £750,000 to £1.4 million in two years and the leadership development programme has attracted significant resources (38 per cent of the training budget).
- Effective 'Grow Your Own' approaches have been developed to address staff shortages in social work (Exhibit 16).
- Good progress has been made in settling equal pay claims. 94 per cent of the 2,849 equal pay claims were settled during April and May 2006 (97 per cent by March 2007), and by March 2007 fewer than 100 employees had not accepted compromise agreements. More recently, in early January 2008, the council approved a revised pay and grading structure along with a terms and conditions package to be presented to the trades unions for formal consultation.

122. In other areas performance has been more mixed:

- Communication and information, staff morale, and change management were identified as problems by staff in the November 2005 staff survey.
- Despite improvements in managing sickness absence, performance remains below the Scottish average level.

Communication and information

123. The council has developed a variety of communication methods over a number of years. For example, well-established open forum employee briefings which provide an opportunity for all employees to meet and question senior managers directly. These meetings are run by the chief executive with input from other senior managers and elected members and are held every six months in a variety of venues across the city, and at different times of the day.

124. Improving communication is critical to the success of the council's change programme. The November 2005 staff survey, which took place at a time of significant structural change, identified communication and information, staff morale, and change management as problem areas. In response each service produced action plans to make improvements. The council also sought to address poor internal communication through Teamtalk, a process whereby managers meet with groups of employees to share information. This provides a mechanism for regular and structured communication.

Sickness absence management

125. The council made good progress in addressing higher than average levels of sickness absence between 1999/2000 (when at 6.2 per cent it was significantly higher than the Scottish average of 5.4 per cent) and 2002/03 (at which point it was almost at the Scottish average of 5.4 per cent).

126. The introduction of a Managing Attendance Strategy in 2006 and the establishment of an attendance management group to tackle the causes of absence through improved data collecting, analysis and direct intervention has provided a forum for focusing on performance in this area.

127. Since 2002/03, performance has remained broadly static. But the 2006/07 Statutory Performance Indicator (SPI) data shows that sickness absence rates for chief officers and craft employees have both deteriorated over the last year, increasing to 5.7 per cent and 7.9 per cent respectively. No improvement was seen in sickness absence rates for teachers (5.5 per cent) over the same period. Sickness absence rates for all three groups remain above the Scottish average.

Managing assets

Effective asset management arrangements are not in place. Asset management is not yet integrated with broader corporate strategies and there have been significant governance weaknesses.

128. At 31 March 2006, the total value of fixed assets held by the council was £1,496 million, of which £722 million is classified as other land and buildings and £540 million as council dwellings.

129. The council does not have adequate systems in place for comprehensive asset management. The absence of a computerised asset register was a contributory factor in the significant audit adjustments required on fixed assets in the council's financial statements in 2004/05 and 2005/06.

130. The council is in the process of reviewing its assets and developing a computerised asset register. This review forms part of plans to develop a comprehensive asset management strategy to inform the development of an overarching Resources Management Strategy.

131. A number of major projects are under way to rationalise the council's property portfolio, including a schools refurbishment and rebuild project and the disposal of commercial properties. However, these property rationalisation projects are not part of a clear corporate asset management strategy that assesses need and directs available resources in a planned manner. The council recognises the need for this and the head of resource development and delivery has engaged consultants to work with the council to put a corporate strategy in place.

132. At the time of our audit visit the council was examining options for its housing stock to ensure it can meet the Scottish Housing Quality Standard (SHQS). It has recently made a decision to invest in improving its housing stock to meet the SHQS by 2015.

133. There are serious concerns about the governance arrangements for property disposal. Twenty-six commercial property sales covering the period 2001 to 2005 have been the subject of a formal investigation by the council's internal audit team after the council's external auditors Henderson Loggie (HL) raised a number of concerns with the chief executive and corporate director for resource management in August 2006. The internal and external

audit work both reported serious weaknesses in governance and accountability which will be the subject of a separate report to the council and the Accounts Commission by the Controller of Audit. A number of management actions have been put in place designed to address these issues.

Procurement

The council is improving its procurement arrangements, including joint arrangements with a neighbouring council and more effective use of e-procurement across a variety of service areas. The progression of joint procurement has led to reported savings of £2 million to date by the council.

134. The council's purchasing services section provides a dedicated purchasing and supply service to Aberdeen City and Aberdeenshire councils and consists of: the Central Procurement Unit (CPU), social care contracts, Whitemyres central store and ePS project team.

135. In 2007, the council commissioned external consultants to analyse its procurement spend. Their findings indicated that there was potential for a collaborative approach in the form of a joint procurement function with Aberdeenshire Council. The consultants identified potential savings of £11 million over five years for Aberdeen City Council.

136. The two councils have established a joint procurement function setting out the key roles and responsibilities of the senior purchasing managers, and a head of procurement has been appointed, who will function across the two councils. The councils have developed a number of workstreams to take forward Strategic Procurement, e-procurement, Service Project Teams and Benefits Tracking. The main commodities covered in the first wave of central contracting are vehicles, agency and temporary staff, ICT, printing and taxis. The councils plan to cover the following high-spend commodities in the second wave: utilities and fuel, catering, facilities management, professional services, office supplies and equipment, aids and adaptations, and hotels.

137. The CPU has been recognised as one of the four Regional Hubs of Expertise aligned to Scot Excel. The council reports savings of £2 million to date and its business plan anticipates joint savings of £25 million with Aberdeenshire over five years.

Managing risk

The council has a Risk Management Strategy but it is not applied consistently across the council. While arrangements for identifying and managing corporate risk are largely in place, arrangements to manage operational risk are less well developed.

138. The council has taken steps to improve its strategic risk management. The council approved its Risk Management Strategy in February 2005 and updated it in February 2007. The council also developed revised arrangements, agreed in May 2006, to ensure that strategic risks are assessed annually to coincide with the beginning of the service planning process.

139. CMT deals with strategic and transformational risks which form a core element of the discussion at CMT meetings. Directors and service management teams have responsibility for incorporating risk management within the service planning process. But risk management does not have a high profile across all services. The Risk Management Strategy is not embedded at an operational level and services do not adequately prioritise risks, identify and test mitigating controls, and identify ways to manage residual risks.

140. Risk recording, monitoring and reporting is not done proactively at service level. The current arrangements are largely reactive and corporate risks identified at service level are not currently linked to the strategic risk register.

ICT

The council has only recently agreed a strategy for using ICT as a driver for modernising services.

141. While the council recognised the role ICT can play in supporting service modernisation, and the effective management of council performance, at the time of the audit visit in early 2007 the council had yet to agree an ICT strategy. It is now in place and is in the process of being implemented.

142. The ICT team now sits in the continuous improvement directorate to highlight its role in assisting services to improve. A number of key contracts are now under way:

- The council appointed a supplier in August 2007 to implement a full Customer Relationship Management (CRM) system and commercial negotiations are ongoing.
- A corporate document management and workflow system is currently at procurement phase.
- Replacement of the council's Information Management System (IMS) is at discussion phase with the vendor.

Efficient Government

The council needs to develop a corporate standard for classifying, calculating and monitoring the efficiencies it achieves.

143. In April 2006, the council began to report progress in the delivery of efficiency savings under the national Efficient Government themes using the COSLA reporting format.

144. The council can demonstrate commitment to the identification of efficiency savings as part of its wider change programme but at the time of the audit visit there was no specific guidance on how to classify and calculate proposed efficiency gains.

145. The council planned to use the template currently being developed by CIPFA local government directors of finance, but further work was required to ensure that the monitoring system that underpins efficiency claims can confirm no loss of service quality and track savings to ensure deployment in frontline services. It was planned that the service planning process for 2007/08 would consider the calculation of unit costs informed by the Improvement Service work on national efficiency/ productivity measures.

146. While some progress has been made in this area, unit cost data is still not routinely available across all service areas. Also, as the council's December 2007 report to the Continuous Improvement Committee makes clear, further work is still needed to establish a review group to scrutinise the identification and delivery of the major efficiencies and savings that underpin the council's transformation programme.

147. 'Spend to save' opportunities were identified through the budget process in both 2006/07 and 2007/08 to support the delivery of efficiency gains. However, the council has encountered difficulty in achieving the savings commitments made by services.

Equal opportunities

The council is committed to addressing equalities issues and some service changes are already evident. However, further work is required to embed this within neighbourhood and service planning and community planning.

148. The council makes an explicit commitment in its main strategies and plans to equality of access to services and equality of influence in the council's decision-making processes. The council also details specific requirements and responsibilities in relation to equalities in the job descriptions of senior officers.

149. The council has established structures and groups to ensure that equalities are taken into account in decision-making and service delivery. The Equalities Action Network (EAN) brings together elected members and senior officers of the council to oversee the mainstreaming of equality issues into all council work. This group has been in operation for the last three years, and is now a key resource for the council in ensuring that equalities are considered at all levels.

150. The council has established seven Communities of Interest groups to act as consultative forums – the Older People's Group, the Young People and Children's Group, the People with Disabilities Group, the Women's Group, the Lesbian Gay Bisexual and Transgender Group, the People from Ethnic Minorities' Group, and the Travellers' Group. These groups are leading to practical service changes for specific groups such as Gypsies/ Travellers (Exhibit 17).

151. The council performs relatively well in terms of gender balance. The percentage of the highest paid five per cent of earners among council employees that are women is 41.9 per cent, around the Scottish average of 40.4 per cent.

152. At the time of our audit visit, action was needed to update the corporate equalities policy. This dated from 1997 and did not cover recent legislative changes or standards, nor did it include performance measures, targets and arrangements for monitoring and reporting the council's progress and performance against its corporate objectives or statutory responsibilities.

153. The third annual report on equalities and communities of interest, which is due to be considered by the council's policy and strategy committee in March 2008, demonstrates progress in mainstreaming equalities since our audit visit and highlights a number of ongoing challenges:

- Undertaking a programme of Equality and Human Rights Impact Assessments, monitoring and reporting on them.
- Collecting and analysing disaggregated data.
- Ensuring that equalities is embedded in all neighbourhood and service plans.
- Giving equalities a central role within Community Planning.
- Progressing towards a single race equality scheme.

Sustainable development

The council has made good progress in achieving its environmental aims, including significantly reducing carbon emissions. However, it faces significant challenges in securing sustainable approaches to waste management.

154. The council published its Environmental Strategy as part of its corporate strategy in 1999. It evaluates its performance in delivering the environmental strategy against eight priority areas including sustainable development projects,

Exhibit 17
Unauthorised gypsy/traveller encampments

Aberdeen City Council has approved the establishment of the role of gypsy/traveller liaison officer, whose primary function will be to visit unauthorised encampments, liaise with gypsy/travellers on site and the local community and businesses to ensure that the rights and responsibilities of all are met.

Currently when an unauthorised encampment arises, a visit will take place by an environmental health officer to carry out a needs assessment of health, social and welfare needs, to assess the suitability of the location for a site and for toilet and waste collection provision. The Good Neighbour Code, which sets out the rights and responsibilities of gypsy/travellers, is issued and explained.

The environmental health officer completes a needs assessment pro forma, which is circulated to key council services, the police, the health sector, the gypsy/traveller education and information project and the local elected member.

This triggers a multi-agency case conference, which will then be held on a weekly basis for the duration of the encampment. This involves the key partners in meetings to agree any action that needs to take place.

Leaflets explaining the council's approach and with contact numbers for further information are distributed to local residents and businesses which may be affected by the unauthorised encampment.

The local elected member is invited to attend the case conference and is kept briefed throughout the stay of the unauthorised encampment. Positive outcomes from the multi-agency case conference approach adopted in August 2006 include:

- improved community relationships between gypsy/travellers and the settled community
- increased awareness level of gypsy/traveller issues among the public, council and partner employees and elected members
- improved media coverage
- more effective management of unauthorised encampments.

The policy on managing unauthorised gypsy/traveller sites is currently being reviewed in partnership with Aberdeenshire and Moray Council and Grampian Police to ensure that policies are consistent since gypsy/travellers travel across local authority boundaries.

Source: Aberdeen City Council

transport, energy, waste, biodiversity and business. The council produces annual progress reports against this strategy for the Environment and Infrastructure committee. It has made progress against a number of national and local environmental targets including:

- reducing carbon dioxide emissions by a total of 31 per cent, surpassing the UK government target of 20 per cent reduction by 2010
- reducing property carbon emissions by 23 per cent, eg the solar water heating project at the Bridge of Don Academy swimming pool
- powering all street lighting by renewable energy
- introducing innovative solutions, such as a combined heat and power scheme, to reduce domestic energy consumption and carbon dioxide emissions (Exhibit 18, overleaf)
- £7 million worth of energy efficiency measures in council-owned housing stock in 2004/05
- the home energy team, working with private householders and landlords to improve energy efficiency by providing information and helping them access funding sources, contributed to a reduction in energy usage of 25.5 per cent and related carbon dioxide emissions by 28 per cent in those housing sectors from 1997 to 2005.

155. A World Wildlife Fund (WWF) study into the ecological footprint of 60 cities across the UK (including six Scottish cities) praised Aberdeen City as an example of good practice for its efforts to make homes healthier and more energy efficient. It also highlighted the high transport footprint in the city which needs to reduce.

156. A key environmental challenge facing the council relates to compliance with the EU Landfill Directive targets. In 2001, the council entered into a waste management contract that has two key elements: a plant to produce energy from waste and a recycling centre. However, after a change of council in 2003, planning permission for the plant was refused following public objection to the proposed incinerator. This has meant the recycling centre has not been established. The contractor is now unable to find an alternative to landfill and facing financial difficulties, and the council is in danger of incurring penalties. At the time of the audit the council was considering how to deal with this situation, which remains unresolved.

157. The Waste Management Transformation Strategy[9] approved by council in February 2008, confirmed that the failure to secure planning permission for the Altens Environmental Park had compromised the council's ability to deliver its 2001 City Waste Strategy, leaving the council with an existing infrastructure that is inadequate for an integrated waste management system. The strategy set out proposals to address this, but many challenges and unanswered questions still remain. In parallel with the transformation strategy, council staff are working with stakeholders to develop a new City Waste Strategy and many of the recommendations within the transformation strategy will require further work before they are brought forward to council committees for approval and implementation.

158. The council bases its approach to sustainability on the Aalborg Commitments, created by European local authorities. It was the first UK authority to sign this. In 2004, Aberdeen completed a benchmarking exercise against the ten commitments which showed further action is required in the areas of local management towards sustainability, better mobility, less traffic, planning and design and a vibrant and sustainable local economy. The council is working to address these issues. The council is also involved in Scottish pilots to consider global footprint reduction.

159. The council recognises that there is a need to better coordinate work in sustainable development and plans to develop an overarching sustainable development strategy. It has already invested in establishing an accurate baseline position against which to measure progress in the area of environmental performance.

Exhibit 18
Combined heat and power

Councils have a duty under the Home Energy Conservation Act (1995) to reduce domestic energy consumption across all houses in their area by 30 per cent over a ten-year period. Of particular concern to the council were the 4,500 flats in the council's 59 multi-storey blocks, evaluated as having the poorest energy rating of the council's housing stock. The council decided that Combined Heat and Power (CHP) plants were the best solution within clusters of housing blocks. This involves a plant that creates energy from burning a chip fuel that produced no carbon dioxide emissions.

In 2002, the council set up Aberdeen Heat and Power Co Ltd, an independent not-for-profit company to develop and manage CHP schemes. Two CHP developments have been completed in Stockethill and Hazlehead areas. These provide heating to flats in eight multi-storey blocks, one Academy and linked swimming pool, and one sheltered housing complex.

Source: Aberdeen City Council

9 *A Strategy for Transforming Waste Management services – 2008 to 2011*, Aberdeen City Council, 13 February 2008.

Part 3. Is the council delivering better public services?

Despite some good areas of service performance, there is evidence of significant weaknesses in major services, with particular concerns in social work and criminal justice and patchy education performance. There is improving performance from a low base in housing. Performance against available Statutory Performance Indicators (SPIs) shows a downward trend, but the high level of unreliable SPIs for both 2005/06 and 2006/07 make comparisons over time difficult.

Statutory performance indicators

160. Each year local authorities are required to publish information about their performance through a set of SPIs. Audit Scotland collates the information received from all councils and publishes a compendium of SPIs and council profiles on its website. The council profile contains 82 measures taken from the SPIs. These do not give a comprehensive picture across all services or activities, but they give an indication of comparative performance across a range of services and over time.

161. Aberdeen City Council has targeted upper quartile SPI performance, alongside other measures such as customer feedback, external recognition (from, for example, academics, audit and inspection bodies) and customer feedback, as a proxy indicator of achievement of its aim of being a leading council in Northern Europe by 2010.

162. In 2006/07, Aberdeen City Council was ranked in the upper quartile (eighth or above out of 32 councils) on 12 SPI profile measures and was in the lower quartile (25 or below) on 13 measures (Exhibit 19). Overall its performance is slightly below the average for Scotland.

163. There have been problems with data reliability over recent years, particularly in social care and housing. In 2005/06, the council's external auditors deemed seven SPIs to be unreliable, six of which were still unreliable in 2006/07. This led to 16 of the SPI profile measures being unreliable in 2005/06, a figure which rose to 19 in 2006/07.

164. Even if the unreliable indicators were taken into account, this would not improve the council's standing in relation to the Scottish average position. If the council's 16 adult and children's services social work measures, which are deemed unreliable by the appointed auditor, were reflected in the exhibit the council would have an additional extra three measures in the upper quartile, which would be offset by an extra five measures in the lower quartile. Eight extra measures would be in the middle quartiles.

Exhibit 19
2006/07 SPIs profile measures in each quartile by service area

	Upper quartile	Middle quartiles	Lower quartile	Unreliable data
Adult Social Work	0	6	3	12
Benefits Administration	1	1	0	0
Education and Children's Services	1	3	0	4
Corporate Management	2	9	0	1
Cultural and Community Services	4	3	1	2
Development Services	0	2	0	0
Housing	2	5	4	0
Protective Services	1	3	2	0
Roads and Lighting	1	2	1	0
Waste Management	0	4	2	0
Total	**12**	**38**	**13**	**19**
Scottish Average	**21**	**47**	**14**	

Source: Audit Scotland

165. In terms of the other three unreliable measures, the failure to collect website hit data over most of 2006/07 makes it impossible for performance comparisons in this area to be made, as does the incorrect date of receipt of many invoices in relation to that specific corporate management SPI measure. The failure to record response repairs data in line with the requirements of the Accounts Commission's SPI Direction also precludes any reasonable performance comparisons with other Scottish councils.

166. The council ranked in the top three councils for three indicators in 2006/07:

- Cultural and community services – the number of times terminals in learning centre and learning access points are used per 1,000 population (rank 1).

Exhibit 20
SPIs: Performance change between 2004/05 and 2006/07

	Measures that worsened by			Measures that improved by		
	>15%	10-14%	5-9%	5-9%	10-14%	>15%
Scotland	7	3	4	5	4	11
Aberdeen City	7	4	4	2	0	12

Source: Audit Scotland

Exhibit 21
The council's improvement ratio

	2000/01-2002/03	2001/02-2003/04	2002/03-2004/05	2003/04-2005/06	2004/05-2006/07
Improved	20	14	14	16	14
Declined	13	11	15	12	15
Ratio of improvement to decline	1.54	1.27	0.93	1.33	0.93

Source: Audit Scotland

- Homelessness – the average time between presentation and completion of duty by the council for those cases assessed as homeless or potentially homeless (rank 1).
- Roads and lighting – percentage of network that should be considered for maintenance treatment (rank 1).

167. The council also ranked in the bottom three councils for three indicators in the same period:

- Privacy – percentage of residential care places occupied by other adults that are in single rooms.
- Community service – the average hours per week taken to complete community service orders.
- Inspection of trading premises – the percentage of premises in high and medium-risk inspection level that were inspected on time.

168. The rate of SPI improvement for Aberdeen City Council is slightly lower than the Scottish average. Performance had improved significantly in only 14 measures compared to a Scottish average of 20 (Exhibit 20).

169. The council's performance improved by at least five per cent on 14 measures between 2004/05 and 2006/07, while 15 measures deteriorated by at least five per cent. This represents a ratio of improvement to decline of 0.93, which is below the Scottish average of 1.48, and represents a deterioration of the position for 2003/04-2005/06. (Exhibit 21). Some caution is needed when interpreting this figure, given the council's consistently high level of unreliable performance measures over recent years.

Education services

Her Majesty's Inspectorate of Education's (HMIE) May 2007 inspection of the council's education function found that the council's education function has a clear vision, values and aims, performs well in terms of developing people and partnerships and has mixed performance in the area of impact. Addressing weaknesses in leadership and staff morale, while at the same time securing improved education engagement with the new neighbourhood structures, presents a significant challenge. More recent school inspection reports have confirmed the themes from the HMIE report.

170. In 2005/06, the council's gross expenditure on education services was £186 million. This equates to 28 per cent of the council's total budget. The council provides educational support to over 25,000 children, young people and adults through three nursery schools, 56 primary schools, 12 secondary and 12 special schools.

171. HMIE inspected the education functions of the council in November 2006 (Inspection of the Education Function of Aberdeen City Council (INEA), HMIE, 2007). The inspection took place at a time of significant change to education services. The council's new CMT had been set up and some members had only recently been appointed.

172. HMIE uses ten indicators to assess the quality of the education service. In the case of Aberdeen, five of the indicators were judged as 'good', four were judged as 'adequate', and one (leadership and direction of the education service) as 'weak' (Exhibit 22, overleaf). More recent school inspection reports have confirmed the themes from the INEA report.

173. HMIE judged primary school education provided by the council to be adequate overall. Evidence from school inspections led to the conclusion that

the quality of primary school teaching in the council was good. Most primary school pupils were achieving national levels of attainment in reading, and mathematics and the majority were achieving these in writing. There had been a small improvement in pupils' attainment in mathematics, but no trend of improvement in reading and writing.

174. HMIE assessed the council as doing better at secondary school level than at primary. They considered that secondary education provided by the council was generally good with attainment levels good overall.

175. More recent 5-14 attainment data for Aberdeen City's primary schools (up to June 2007) showed a two per cent increase by P7 in the proportion of pupils attaining appropriate national levels in reading (from 77 per cent in 2006 to 79 per cent in 2007), writing (from 70 per cent to 72 per cent over the same period) and mathematics (80 per cent to 82 per cent over the same period). This represents a consistent achievement in one year.

176. Since the HMIE inspection, the results for secondary school performance have been mixed. In 2007, the proportion of pupils achieving appropriate national standards by the end of S2 fell by two per cent for reading (from 65 per cent in 2006 to 63 per cent in 2007), and by four per cent for mathematics (from 56 per cent to 52 per cent over the same period). By contrast, the proportion achieving these standards increased by one per cent for writing (to return to its 2005 figure of 50 per cent). There were no consistent patterns of progress across schools. Some difficulties still exist in terms of securing accurate self-assessments within schools.

177. In relation to the community learning and development service, HMIE assessed the council's performance as good and noted that 'employees worked well with a variety of partners to deliver a range of effective learning programmes across the city'. The inspection report highlights effective work done to promote personal and social development (Exhibit 23).

178. In 2006/07, one school in the secondary sector was operating at an occupancy level of less than 60 per cent. This follows a three-year period where all secondary schools were operating at above that level. Two schools are operating at a ratio of over 100 per cent pupils to available places. Low occupancy levels are a more significant issue in the primary sector. In 2003/04, 30.4 per cent of primary schools were operating at an occupancy level of less than 60 per cent; by 2006/07 this figure had risen to 43.6 per cent. The council's review of school accommodation known as Reorganise, Renovate and Rebuild (3Rs) reflects the beginning of a more systematic approach to managing the school estate.

179. Two of the main action points identified by HMIE reflect general issues identified by the Best Value audit. They relate to weaknesses in the council's planning processes, and staffing and accountability difficulties created by the introduction of the new neighbourhood structures. HMIE found that:

- Educational establishments were not yet fully engaged in the NCAP process and were unclear how their service improvement plans related to NCAPs and how their associated school groups (ASGs) linked to the relevant local neighbourhoods.

- A number of staffing issues were having a detrimental impact on key groups of staff. Staff morale was mixed, absence levels of teachers were high and there was a lack of clarity about roles, responsibilities and communication. In particular, centrally deployed staff raised concerns with HMIE about the break-up of established teams and uncertainties about their place in the new structure. Other staff were conscious of a skills gap which was emerging because of recent changes to remits, and professional expertise not being fully aligned to the requirements of the new structures.

Exhibit 22
HMIE quality indicators for Aberdeen

Assessment	Indicator
Excellent	No indicators fell into this category
Very good	No indicators fell into this category
Good	Impact on parents/carers and families Impact on the local community Impact on the wider community Developing people and partnerships Vision, values and aims
Adequate	Improvements in performance Impact on learners Impact on employees Leadership of change and improvement
Weak	Leadership and direction
Unsatisfactory	No indicators fell into this category

Source: Her Majesty's Inspectorate of Education 2007

from policy development. Some of the senior management for the service are relatively new and it will be important to ensure there are no skills and experience gaps in the new management arrangements.

- There is a lack of clarity about the respective roles and responsibilities of the three operational areas and the strategic centre. This, combined with the absence of central monitoring of service standards at the time of the audit, was leading to inconsistencies in the implementation of service standards. The lack of a systematic mechanism for communication between the areas was compounding this issue.

- The introduction of the area-based structure has resulted in a loss of a number of specialist teams and previously existing professional networks. Means of maintaining appropriate specialist expertise and sharing best practice across the three neighbourhood areas need to be established.

- Since the changes there has been a lack of systematic and consistent performance reporting to members covering all three service areas, with no analysis of social work complaints and the resulting improvement actions.

187. Some of the concerns expressed by staff are responses to change which may disappear as staff become more comfortable with the new arrangements and teething difficulties are overcome. But others are more systemic and concern governance and accountability, and the effective use of staff resources. The extent to which these difficulties persist is being assessed by SWIA as part of their social work performance inspection of Aberdeen's social work service which, along with early follow-up on their 2006 criminal justice social work inspection, took place during November and December 2007. It is anticipated that these inspections will be reported in late spring 2008.

Services for children and young people

188. At 31 March 2007, 538 children were looked after by the local authority. This represents 1.5 per cent of the under 18 population and is higher than the Scottish average rate of 1.3 per cent. Aberdeen has a greater number of children placed in residential settings than the Scottish average and in 2006/07 placed twice the national average of young people in residential schools. Almost 70 per cent of these placements were outwith the council area.

189. In 2006/07, 20 per cent of care leavers in Aberdeen obtained qualifications in maths and English at SCQF level 3 or above, significantly less than the Scottish average of 34 per cent.

190. SPIs show that between 2005/06 and 2006/07, the percentage of social background reports submitted on time to the Children's Reporter rose from 23.8 per cent to 25.6 per cent, while the number of reports completed during that period dropped from 925 to 878 (five per cent). The percentage submitted on time was the fifth lowest in Scotland for 2006/07.

191. The November 2007 Citistat meeting reported that 92.5 per cent of children whose names were on the child protection register were allocated to a social worker, against a target of 94 per cent.

192. The strategy for transforming services to children and young people, approved by the council in October 2007, is seeking to address a series of difficult strategic and operational performance issues in this service area.

Services for adults

193. The council has fewer adult services social workers than the national average (5.1 social work employees for adults per 1,000 of the population aged over 18 years, compared to the Scottish average of 6.5). It has around the average percentage of qualified staff working with older people in residential care settings (50.4 per cent compared to the Scottish average of 49 per cent).

194. SPIs relating to adult care for 2006/07 were deemed unreliable by auditors so little information is available in relation to service performance.

195. The Joint Future Joint – Performance Information and Assessment Framework (JPIAF) gave the service an overall assessment of 'improvement required' in its Annual Evaluation Statement 2005/06. It recommended improvement in the balance of care and recommended that analysis should be translated into actions.

196. The service's main challenges in providing services to adults are in improving the balance of care between care at home and care in residential settings, responding to the JPIAF findings, and aligning the Joint Future structures with the three area structure.

Criminal justice services

197. SPIs for criminal justice, probation orders and community service show a general trend of improving performance:

- In 2006/07, 98.7 per cent of social enquiry reports were submitted to the court by the due date, an improvement of 5.1 per cent on the previous year.

- The percentage of new probationers seen by a supervising officer within one week was 53.8 per cent in 2006/07. This reflects a significant improvement compared with the previous year level of 47.2 per cent but remains below the Scottish average of 60.4 per cent.

- The average number of hours per week to complete community orders has fallen from 2.7 in 2003/04 to 2.0 in 2006/07. The council ranks lowest in Scotland on this indicator.

198. In 2006, SWIA undertook an inspection of the Northern Partnership for Social Work Criminal Justice Service in the North East area (which includes Aberdeen, Aberdeenshire, Highland and Moray councils). This inspection was very critical of the council's performance.

199. Only one in ten of the council's social enquiry reports reached good or very good standard. Of the 22 supervision cases evaluated as 'poor', 18 were from Aberdeen City, and only four from the other three councils inspected. SWIA concluded that the council 'should establish and maintain proper oversight of the performance of their criminal justice social work service and should develop a recovery plan that ensures the future stability and viability of the service'.

200. The report also recommended that 'Aberdeen City should ensure that all those offenders for whom they are responsible receive the appropriate level and content of supervision' and noted 'serious concern that we found room for improvement in the level of contact offered to so many sex offenders and serious violent offenders, most notably in Aberdeen City'.

201. At the time of our audit visit, the council was developing an action plan in line with SWIA's recommendations. SWIA's follow-up inspection of this service reporting in 2008 will assess progress in delivering improved performance in this area.

Drug and alcohol services

202. In August 2007, SWIA published its inspection report on substance misuse services in Aberdeen, Aberdeenshire and Moray. This was a multi-agency inspection undertaken in partnership with NHS Quality Improvement Scotland and the Care Commission covering all three council areas. This inspection was very critical of some elements of the performance of Aberdeen City's Joint Alcohol and Drug Action Team (JADAT).

203. SWIA found that, while there was evidence of attempts by the JADAT to promote and progress an outcome-focused approach to the development and delivery of services, these attempts were underdeveloped and were taking place against a backdrop of long-standing problems with capacity. There were 600 people on the waiting list for the substance misuse service, not all of whom had had their needs assessed, and some of whom had been waiting up to two years for an assessment.

204. Strategic management and leadership of the service was judged as weak, as was partnership working; the capacity of the service to improve was judged as having strengths which just outweigh weaknesses. No aspects of the service were judged as good or better.

205. The report concluded that while senior staff were aware of what needed to be done to improve, the inspectors did not have confidence that the JADAT and its constituent members had strategies to address the waiting list quickly. Although there was evidence of improving outcomes for those in treatment, there was considerable uncertainty about the future form of substance misuse services in the city and some way to go before there was a properly integrated service.

206. The JADAT developed an action plan in line with SWIA's recommendations. The council acknowledges that weak leadership of the JADAT meant that poor progress was made in taking forward the improvement agenda set out in that action plan. This led to the council's chief executive taking over the chairmanship of the JADAT from November 2007. SWIA was following up progress made in implementing the action plan as part of its inspection work between August and December 2007. Their report is anticipated in spring 2008.

Housing services

Recent Communities Scotland inspection reports highlighted weaknesses in the council's housing service, reflected in poor SPI performance. The adoption of Citistat has led to demonstrable service improvements in reducing housing voids, but some service weaknesses remain.

207. The council is the fourth largest local authority landlord in Scotland and manages the fifth largest Housing Revenue Account (HRA) (budget £121 million in 2005/06). It has a strategic leadership role to work with the private and voluntary sector to ensure that there is an adequate supply of appropriate accommodation across the Aberdeen housing market area. The council delivers a wide range of housing services to Aberdeen home owners, council and private tenants and homeseekers through its three area offices[10]:

- managing and letting homes
- repairs and improvements
- strategic accommodation management.

208. In November 2005, Communities Scotland carried out inspections of housing management and property maintenance and the homelessness service. Communities Scotland awarded C (Fair) grades for both housing management and property maintenance and a D (Poor) to the homelessness service. Communities Scotland found that:

10 The homelessness service is delivered centrally.

- The council's approach to how it collects, analyses and uses information about the quality of its housing stock is underdeveloped and it needs to improve the way it collects feedback from tenants and works with them to improve services.

- It has a poor approach to re-letting empty houses and a high and rising level of rent arrears.

- It has poor management of gas safety and asbestos in common areas.

- There were gaps in support for vulnerable tenants.

- There were major areas where improvements were needed in the homelessness service related to choice, reliance on B&Bs, and levels of transition to permanent accommodation.

209. The inspection findings reflect underlying performance weaknesses in the housing management and property maintenance service. In 2006/07, four housing SPIs were in the lowest quartile of performance:

- The percentage of dwellings that were not low demand that were re-let within four weeks was 13.4 per cent (ranking 26) compared with a Scottish average of 47.7 per cent.

- The average time to re-let houses that are not low demand was 102 days (ranking 25) compared with a Scottish average of 51 days.

- The percentage of current tenants owing more than 13 weeks' rent at the year end, excluding those less than £250 was 9.1 per cent (ranking 26) compared with a Scottish average of 4.4 per cent.

- The average number of weeks rent owed by tenants leaving in arrears was 17.92 (ranking 26) compared with a Scottish average of 10.43.

210. The council has been taking steps to improve its performance. In order to improve voids performance it has adopted the Citistat approach and has also made efforts to benchmark its services through the Scottish Housing Best Value Network and other local authorities including West Lothian, Falkirk, Stirling, Dundee and Fife.

211. The council identified poor standards of customer service and difficulties in recruiting and retaining employees as the root causes of the rent arrears poor performance, and the service was transferred to the customer care team in December 2006 in an effort to improve performance.

212. The adoption of the Citistat approach for voids has led to a significant improvement in this area, with a reduction of almost 50 per cent in the proportion of voids, from 6.3 per cent in 2005/06 to 3.4 per cent in 2006/07. Other improvement actions introduced since the audit include:

- more flexible appointment systems

- reduced timescales for responses to repairs

- significant improvements in the average time taken to re-let non-low demand dwellings. This has fallen from 164 days in 2005/06 to 102 days in 2006/07, but is still well above the national target date of four weeks.

213. While there is some evidence of improved performance monitoring, management information and accountability across the housing service, some service weaknesses still remain:

- The level of rent arrears remains problematic, with rent arrears as a percentage of net amount of rent due in the year remaining almost unchanged at 10.5 per cent in 2006/07 (compared to ten per cent in 2005/06) and the percentage of current tenants owing more than 13 weeks' rent at the year end, (excluding those owing less than £250) has remained static during 2006/07 at 9.1 per cent.

- The percentage of dwellings that were not low demand that were re-let within four weeks had not improved significantly during 2006/07 (13.4 per cent in 2006/07 compared to 1.7 per cent in 2005/06). This is still below the Scottish average of 47.7 per cent.

214. Communities Scotland plans to re-inspect the homelessness service later in 2008.

Economic development

There is effective partnership working in economic development, with good performance in key areas such as increasing jobs in the renewable energy sector and attracting inward migration. The council has been active in evaluating the needs of local businesses in relation to skills and export issues.

215. The council has an important part to play in supporting economic growth in the area through its business development support, labour market and skills development, international trade development and policy and funding support.

216. Partnership working strongly influences the direction of the council's economic development function. The Aberdeen City and Shire Economic Forum (ACSEF) sets the agenda at a regional level and a joint post, funded by both councils and Scottish Enterprise Grampian, has recently been established to support this forum. Aberdeenshire Council takes the lead on food and fish while Aberdeen City leads on the oil and gas sector.

217. The council has been focusing on supporting the diversification of the energy sector from North Sea oil into renewables. It has facilitated the set-up of Aberdeen Renewable Energy Group, a public private sector partnership that now has almost 100 private sector partners. An officer has been seconded from the council to support the development of this organisation. The council has also been successful in securing the location of the UK Intermediary Technology Institute – Energy (ITIE) in the council area.

218. An economic development sub-committee has been created that monitors performance with updates on renewable energy, information and communication technology, life sciences and promoting the city.

219. Economic development can point to a number of successes:

- The target of a 20 per cent increase in jobs in the renewable energy sector per year was surpassed in 2005 at over 50 per cent.
- It has surpassed its targets for keeping unemployment low, with increasing employment in the renewable energy sector, attracting inward migration and attracting conferences to the city.
- It has been active in attracting inward migration through a programme to assist local companies recruiting from across Europe. In excess of 50 companies have been assisted to recruit migrant workers over the past year.
- In 2005, the service surpassed its target for attracting migrant workers, with over 800 coming to the city.
- It is unique in being the only local authority in the UK accredited in 2006/07 to deliver trade development services on behalf of the UK government.

220. Economic development has been active in evaluating the pressures affecting the business community. The service conducted a skills audit in spring 2004, recognising forecasts that the population aged 30-44 years will reduce significantly by 2016. The audit found that 54 per cent of companies recruiting within the last 12 months had experienced difficulties. The main reasons for this were skill shortages, salary levels/ expectations and attitudes.

221. The skills audit revealed that the construction sector has the highest skill shortages and a specialist construction audit was conducted in March 2006. This identified four priorities for action and the service is working in partnership with CITB Construction skills, Careers Scotland, Aberdeen College and schools to address them.

222. The service is in the process of completing another multi-sector skills audit (including public sector bodies), the analysis from which will contribute to a workforce development strategy to be taken forward in consultation with local partners/businesses.

223. Economic development consults widely with local businesses on the challenges they experience in exporting their products or services. It conducts export surveys every two years on behalf of Business Gateway International. The survey identified current principal export markets, top markets targeted for future export development and problems experienced by current exporters. This analysis will inform how Business Gateway International will reassess its export development priorities and modify services to local companies.

Part 4. What needs to improve?

Aberdeen City Council has much to do to create a culture consistent with delivering continuous improvement. It needs to find ways of securing staff engagement with its transformation agenda and turn its ambitious aspirations into real benefits for service users.

224. 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.

225. Aberdeen City Council has done much to establish and improve systems to support best value and to develop customer-focused approaches to service delivery. However, the council leadership has not yet demonstrated that it has secured staff commitment and ownership of the council's change agenda. Staff compliance with performance management systems has not historically been good. The council has not yet created a culture which is consistently committed to continuous improvement.

226. There is uncertain leadership capacity to deliver on the council's ambitions and real challenges still exist to turn aspirations into clear and demonstrable service change. Performance in many key services falls far short of the council's ambitions to be a leading council in Northern Europe.

Aberdeen City Council improvement agenda

- Ensure the council's transformation programme drives continuous improvement and secures Best Value across all service areas.
- Strengthen the role of elected members in leading Best Value and service transformation.
- Establish more effective links between strategic, corporate, service and neighbourhood plans.
- Establish accurate and relevant performance information across the full range of council services to enable each service to monitor progress in achieving continuous improvement.
- Further develop performance information at neighbourhood and area level to enable comparison between areas and with the performance of each service overall.
- Raise staff morale and foster greater engagement with the transformation programme.
- Establish effective mechanisms for dealing with non-compliance with corporate guidance and processes.
- Secure more consistent service improvement through performance management to demonstrate more rapid progress towards 'leading council' levels of service performance.
- When preparing the new community plan, ensure that it sets out clear responsibilities among the various partners for delivering specific priorities.
- Enhance member scrutiny so that the council is able to demonstrate that it is providing robust challenge to decision-making and effectively supporting service improvement.
- Develop strategic resource management to support the transformation programme and develop, as a matter of urgency, a sustainable medium-term financial strategy.
- Develop a systematic approach to testing the competitiveness of services.
- Increase the level of challenge to existing ways of doing things to ensure that services are designed around the needs of users.
- Develop effective mechanisms to monitor efficiency savings.
- Incorporate citizen satisfaction measures within future performance reporting arrangements.

227. In moving forward the council can build on the long standing commitment to continuous improvement among chief officers and elected members and its good track record of partnership working.

228. The improvement agenda above sets out a series of actions designed to support Aberdeen City Council in achieving its ambitious continuous improvement goals. Many of these actions have already been recognised by the council. Given the scale of the challenges that the council faces in taking this agenda forward, it will need to target its efforts effectively and ensure that appropriate capacity exists to deliver sustainable change. Delivering on this improvement agenda will require sustained attention over the coming years.

Aberdeen City Council

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