

The Audit of Best Value
and Community Planning

The City of Edinburgh Council

 ACCOUNTS COMMISSION

Prepared by Audit Scotland
May 2013

The Accounts Commission

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

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

The Commission secures the audit of 32 councils and 33 joint boards and committees.

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Commission findings



- 1** The Commission accepts the Controller of Audit's report.
- 2** The Commission acknowledges a range of improvements since the last Best Value report in 2007. It welcomes improving performance in partnership working, both at a political level within the council and with community planning partners; economic development; children's services; and aspects of reducing inequalities.
- 3** The council demonstrates a good understanding of the challenges it faces and the need to restore public confidence, which has been damaged in light of high-profile issues such as the trams project and the statutory repairs service. These issues are substantial, and the Commission will continue to monitor progress. Overall, the Commission is concerned about the scale of the challenges that the council faces.
- 4** The council needs to develop a comprehensive workforce strategy; improve its information and communications technology (ICT); ensure it has effective risk management and internal audit arrangements; and improve a range of services including adult social work, waste management, and meeting housing need. It needs to ensure it has the capacity and skills to deliver its ambitious improvement and change programme, and embed the commitment of all staff to the need for change.
- 5** The challenge of reducing budgets is found in other councils, but the Commission considers there is a set of circumstances which makes Edinburgh's situation particularly challenging. The council decided not to proceed with alternative business models to provide services and achieve substantial savings. Currently, its four-year budget for 2014–18 requires recurring annual savings of £107 million by 2017/18 and is heavily dependent on improved procurement delivering recurring annual savings of £41 million by 2017/18. Assuming all elements of the savings plan are achieved including all the savings from procurement, the council will still require to find further substantial savings.
- 6** There are risks in whether the planned savings are achievable and in the reliance on the level of saving to be achieved from procurement. These risks are compounded by the unknown financial impact of fully resolving the statutory repairs problem which is unique to Edinburgh. There is an additional risk that not achieving the required overall savings will hinder the Council's ability to restore public confidence.

- 7** In light of these significant risks and uncertainties, the Commission urges the council to give absolute priority to ensuring that savings identified are both achievable and delivered.
- 8** The Commission has stated previously in its overview reports that a need for focus on finances in councils means that the statutory financial officer is increasingly important and must have the appropriate access and influence to perform this crucial role. Given the scale of the financial challenge facing the Council, the Commission would encourage the council to assure itself that this is the case.
- 9** The council is on a journey of improvement: it needs to complete that journey. The recent strong leadership needs to continue in order to translate plans into reality. To this end, the Commission asks the Controller of Audit to report on progress in around 18-months' time.

Part 1

The audit of Best Value



Best Value and Community Planning

1. The Local Government in Scotland Act 2003 introduced the statutory duty of Best Value in local government. In response, the Accounts Commission began the audit of Best Value and Community Planning. We have published a first round of Best Value (BV) audit reports on all 32 councils in Scotland.

2. We carry out and report this next phase of BV audits under the same legislation but the approach has moved on considerably from the 32 baseline audits. In particular, the audits are:

- based on discussions with colleagues from other local government inspectorates that form a Local Area Network (LAN)
- more focused on the risks identified by the LAN and the particular issues faced by individual councils
- designed to provide a more rounded view of how well the council is working with partner organisations, such as health, police and voluntary organisations to make improvements for local communities.

The City of Edinburgh Council 2007 audit report

3. The first BV audit report on The City of Edinburgh Council was published in February 2007.¹ The audit concluded that The City of Edinburgh Council had a clear and ambitious vision for the city and faced a range of challenges to continued growth, in particular providing an effective transport infrastructure and increasing the supply of affordable homes. Councillors and senior officers were generally providing strong and effective leadership and the council was working well with partners. Our report also highlighted that council services were generally improving, although from a low starting point in some areas. It identified that there was a need for:

- continued action to improve Community Planning
- a council-wide approach to workforce planning
- longer-term financial planning
- wider use of performance information throughout the council to report on the progress of initiatives and projects.

4. Services that most needed improvement were refuse collection, planning and some aspects of adult social care.

5. The 2007 BV report concluded that the council needed to put in place and develop its programme of improvement work to provide a clear focus for investment and action.

The City of Edinburgh Council audit scope

6. BV is an important part of the wider scrutiny arrangements of councils in Scotland. Audit Scotland works closely with other local government inspectorates in the LAN. The LAN process results in each council receiving an Assurance and Improvement Plan (AIP) each year that sets out the scrutiny activity the council can expect.

7. In developing the scope of our audit, we took account of the areas identified in the 2012–15 The City of Edinburgh Council AIP.² We also reviewed the 2007 BV audit report, the external audit report for financial year 2011/12,³ as well as the council's plans, strategies and performance reports. The council provided a submission in advance of the audit that shows a good understanding of the challenges it faces, its strengths and what needs to improve.

8. The audit therefore focused on:

- progress since the previous BV audit in 2007
- the difference working with partners is having on services and outcomes
- changes in political and managerial leadership and how the council is organised, and the effect of those changes on how well the council works
- how well councillors are holding the political administration and council officers to account for service performance and the use of resources.

9. The 2012–15 AIP also identified three specific areas of significant scrutiny risk:

- The tram project: the AIP noted satisfactory progress since a settlement agreement was signed in September 2011. However, given the complexity of the contract and the history of problems, the AIP noted that there are still risks of further delays and overspending.
- Alternative Business Models (ABM): ABM was a plan to deliver services in partnership with the private sector. The council initially identified three services (facilities management, environmental services and corporate and transactional services) for inclusion in ABM. The AIP noted that the implications of the council's decision not to proceed with ABM are important relative to its ability to meet future funding gaps.
- Statutory repairs service: the AIP noted an ongoing investigation into the statutory repairs service. The AIP also stated that the council is taking action, including service redesign, but that risks remained of further reputational damage and financial loss from difficulties in recovering repair costs from owner-occupiers.

10. In December 2012, the Controller of Audit reported to the Accounts Commission⁴ on matters arising from the 2011/12 audit of The City of Edinburgh Council. The Controller's report referred to the tram project, ABM and statutory repairs. The Commission noted the Controller's report and agreed to consider these matters further at a future meeting, in the context of the BV audit report.

11. There is likely to be a public inquiry into the tram project. The external auditors will continue to monitor the action taken by the council to address the funding gap arising from its decision not to proceed with ABM. The council, assisted by external consultants, carried out a detailed investigation into the statutory repairs service. Consequently, we did not investigate these matters during the BV audit but we did consider their effect in making judgements about leadership and governance. The main references to the tram project are in the context section of this report (**Part 3**). The main references to ABM and statutory repairs are in the use of resources section (**Part 6**).

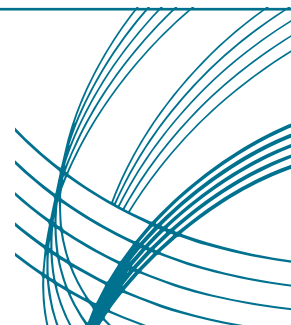
About this audit report

12. We carried out the BV audit of The City of Edinburgh Council between October 2012 and March 2013. The scoping work was completed in November 2012 and the team carried out interviews, observations and focus groups at the council in December 2012 and January 2013.

13. We gratefully acknowledge the cooperation and assistance provided to the audit team by the chief executive, Sue Bruce, the leader and depute leader of the council, Councillor Andrew Burns and Councillor Steve Cardownie respectively, the council's partners whom we met as part of the audit, and all other councillors and staff involved.

Part 2

Overall conclusions



14. We published the first BV audit report on The City of Edinburgh Council in 2007. Since then, the council has had to deal with significant and high-profile problems that have damaged public confidence in the council and its reputation. These include contractual disputes arising from the tram project and serious difficulties in its statutory repairs service.

15. The council's financial position is also very challenging. The position became more pressing when the council decided not to externalise certain services. The council has identified alternative savings and has long-term plans in place to balance its budget.

16. The council's prospects for future improvement depend heavily on it achieving planned savings and addressing the funding gaps that remain. Its prospects also depend on more effective workforce management, improvements in information and communications technology (ICT) and on it ensuring that it has the right level of staff skills and capacity to support improvement.

17. The council shows a strong understanding of what it needs to do to meet the service and financial issues it faces, the scale and complexity of which are substantial. These issues have absorbed a large amount of senior manager time and presented major challenges for the council at a time when it has an ambitious improvement programme under way.

18. The coalition administration has set clear priorities and provides effective political leadership. It has a strong focus on improving outcomes, such as reducing poverty, inequality and deprivation. The coalition is also committed to being more open with the public and with opposition councillors. More widely, councillors demonstrate a strong, cross-party commitment to restoring public confidence in the council following the problems with trams, statutory repairs and more recent concerns about practices at the Mortonhall crematorium.

19. A new chief executive started at the council in January 2011. She has had a significant influence on increasing the pace of change and improvement in the council. This is particularly noticeable from mid-2012 when progress was made in resolving the tram disputes and the tram project started to require less of her time. She and the rest of the Corporate Management Team (CMT) work well together and actively promote stronger corporate working. The chief executive is at the forefront of the change in organisational culture needed to support improvement. There is still some way to go before this shift in culture is achieved throughout the organisation.

20. Partnership working in Edinburgh is strong and the council and its partners are making good progress in improving outcomes for people. They are also starting

to narrow the gap in some outcomes between the most affluent and deprived areas in the city. Council services are generally improving, for example economic development and children's services. The council needs to improve in some other areas, for example adult social work services and waste management. The council knows what it needs to do and it is taking action to improve. A recent survey indicates that residents' level of satisfaction with council services is improving, albeit from a relatively low position.

21. The council manages its finances well, with spending contained within budget and long-term plans in place. However, the scale of savings the council needs to achieve over the next five years is substantial and it is relying heavily on significant savings from improved procurement. The financial impact of fully resolving the statutory repairs problem remains uncertain.

22. The council has been slow in developing a workforce strategy. The 2007 BV report identified the need to improve workforce planning. However, the council has made only limited progress. It needs a strategy that sets out how it will make sure it has the workforce it needs to meet future service demands and to continue improving. The council acknowledges this and is taking steps to address it. The council is also aware of the urgent need to improve ICT. It is currently strengthening its management of ICT to get better value from its contract with an external supplier and to ensure that its ICT is sufficient to support the improvements it is pursuing.

23. Effective use of resources, by which we mean finance, staff and assets, is crucial in achieving good prospects for future improvement. The council is taking action to achieve savings and to improve workforce planning and ICT. However, many of the changes are still at the planning stage or are relatively new and so it is too early to assess fully how effective they are. The council now needs to sustain the momentum generated and identify enough people with the skills necessary to manage change.

Performance assessment

24. The performance assessment provides two judgements on council performance:

- The first judgement assesses how well the council is performing and focuses on service performance and outcomes.
- The second judgement assesses the council's prospects for improvement and focuses on leadership and management, partnership working and resource use.

The [Appendix](#) contains descriptions for each judgement.

25. On the first judgement, we have assessed the council's overall performance as **good**. The council and its partners can demonstrate:

- Good performance in ensuring Edinburgh's economy delivers investment, jobs and opportunities for all. The council and its partners use Edinburgh's characteristics, including its capital city status and festivals, to promote economic development.

- Good performance in improving outcomes for children and young people.
- Generally positive and improving outcomes in health and wellbeing. Health inequalities are complex and it will take time for the council and its partners to demonstrate the results of their work.
- Mixed performance in making Edinburgh's communities safer and improving the physical and social environment people live in. Overall trends in crime and safety are positive, but performance in areas such as cleanliness and recycling are weaker. The council and its partners also face challenges in meeting the demand for housing.
- Improving services include economic development, children's services, and revenues and benefits. There are long-term, positive trends in the performance of waste management but it is too early to assess the effectiveness of changes following the council's decision not to proceed with the proposal in its ABM to externalise this service. There is a mixed picture in some other services, including adult social work services (where there are concerns about meeting the demand for care), homelessness services (where some performance indicators are comparatively poor), and in the statutory repairs service (where serious problems were identified in 2011).
- Well-developed arrangements for consulting with local people and users of services, the results of which are used to inform service improvements.

26. The second judgement concerns the council's prospects for future improvement. In forming this judgement, we have taken account of evidence of good performance in important areas. We also acknowledge that the council might have made more progress in its improvement work had it not had to deal with the significant issues that emerged in recent years. On balance, because many of the changes are relatively recent and because improvements are required in key aspects of BV, we consider the council has **fair** prospects for improvement:

- The council has effective political and managerial leadership that sets a clear vision of what it wants to achieve and focuses on improving outcomes for people. Committee structures support the council's priorities and there is strong scrutiny of budgets and service performance. However, the new governance arrangements are still bedding in and it is too soon to fully assess their effectiveness.
- Partnership working is well established and there is a clear and consistent shared vision and sense of purpose. There is strong commitment across the partner organisations and good local approaches. The council and its partners are good at involving local communities in decisions about local priorities and services. The council needs to ensure that the Edinburgh Partnership Board is clear about its role in the community planning structure.
- The improvement programme is gathering pace and the council is now implementing many of the plans. Senior managers are heavily involved and face challenges in leading council-wide change while at the same time dealing with pressures in services. The new Corporate Programme Office has the potential to support change but it is too soon to assess its effectiveness.

- Savings plans are in place but it is too early to assess whether the council is likely to achieve all the savings it requires to balance its budget. These plans depend on substantial savings from improved procurement.
- Workforce planning is underdeveloped and the council needs to do more to identify the skills and capacity needed to support improvement. ICT is weak.
- The council demonstrates a strong awareness of where it needs to improve. This is reflected in its improvement programme and in the submission the council approved and provided to us in advance of the BV audit. Councillors and senior managers show good commitment and enthusiasm for change and a focus on improving outcomes for people. The council also acknowledges the need to improve communication with staff to widen understanding of, and commitment to, the council's plans for change.

Areas for improvement

27. While we assess the second of the judgements based on the audit as 'fair', the council is taking action that, if successful, is likely to enhance its prospects for improvement. This depends on the council sustaining the more recent momentum and delivering the savings and other improvements it is striving to achieve. In particular, the council should:

- establish clear improvement priorities, and use its new Corporate Programme Office to support delivery
- identify areas where consolidation and stability is required and those where the council should further increase the pace of improvement
- focus on savings plans and satisfy itself that planned savings are achievable, particularly the savings expected from improved procurement
- deal with weaknesses in workforce planning and ICT
- identify and put in place the skills and capacity it needs to deliver improvement
- develop its arrangements for communicating the purpose and progress of change to staff.

Part 3

Local context

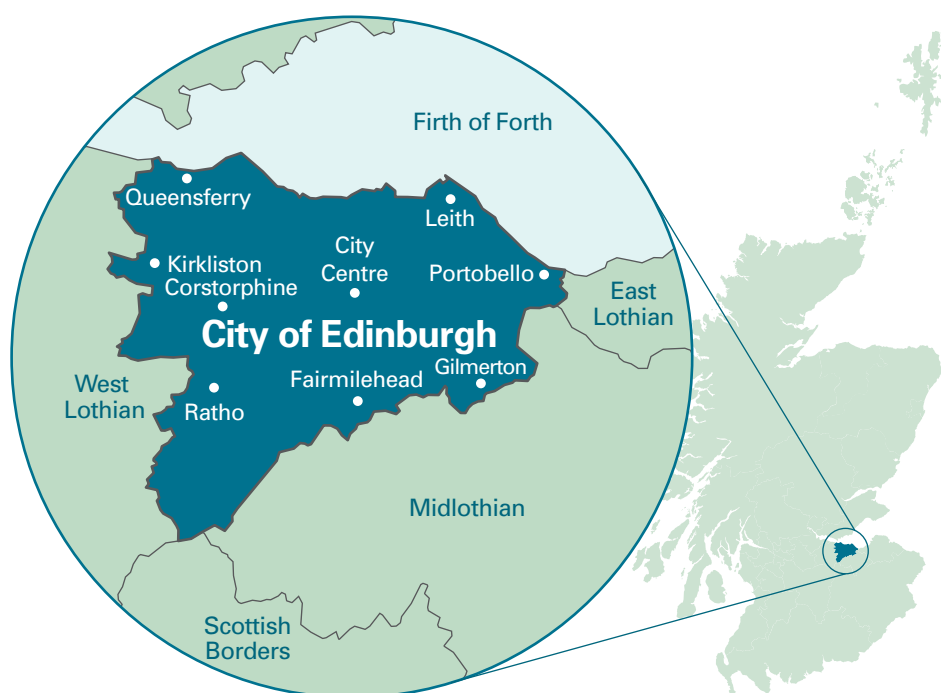


Edinburgh

28. Edinburgh is located on the east coast of Scotland at the mouth of the River Forth. It shares borders with East Lothian, Midlothian, Scottish Borders and West Lothian councils ([Exhibit 1](#)).

Exhibit 1

The City of Edinburgh Council area



Source: Audit Scotland

29. Edinburgh has a population of over 495,000. The population is expected to grow by over 125,000 by 2035.⁵ This rise of 26 per cent is significantly higher than the expected growth nationally of ten per cent. Over the same period, the increase in those aged 75 and over is anticipated to increase by almost

three per cent of the population to ten per cent in 2035. This is a smaller shift in the age profile than that anticipated nationally but translates to an increase of about 25,000 people in this age group.

30. As Scotland's capital city, Edinburgh has a high national and international profile. It is home to the Scottish Parliament, government offices and many consulates. The city is a major visitor attraction with particularly high visitor numbers during summer festivals and over the year end festive period. The capital city status presents opportunities for the council and its partners but it also puts additional demands and pressures on services.

31. Edinburgh's economy relies on the service sector and in particular finance, tourism and education. In the year to September 2012,⁶ 74.8 per cent of people of working age were economically active. Of these, 6.2 per cent were unemployed, lower than the Scotland average of 7.9 per cent.

32. The relative strength of the economy and affluence in Edinburgh masks pockets of deprivation. Over a third of Edinburgh's communities are among the most affluent in Scotland.⁷ There has been a reduction in the number of communities in Edinburgh that are among some of the most deprived in Scotland, but it still has 5.5 per cent of these communities. The council and its partners face significant challenges in continuing to narrow the inequalities gap.

The council

33. The City of Edinburgh Council is the second largest council in Scotland and the eighth largest unitary council in the UK. It employs over 15,000 people and spends about £1 billion each year. Based on the budget estimates for 2012/13,⁸ revenue expenditure represents £2,143 per head of population; the lowest spend per head of population of the 32 Scottish councils.

34. The council has 58 councillors and 17 multi-member wards. Following the local government elections in May 2012, the council is led by a Scottish Labour and Scottish National Party (SNP) coalition administration. The political make-up of the council is:

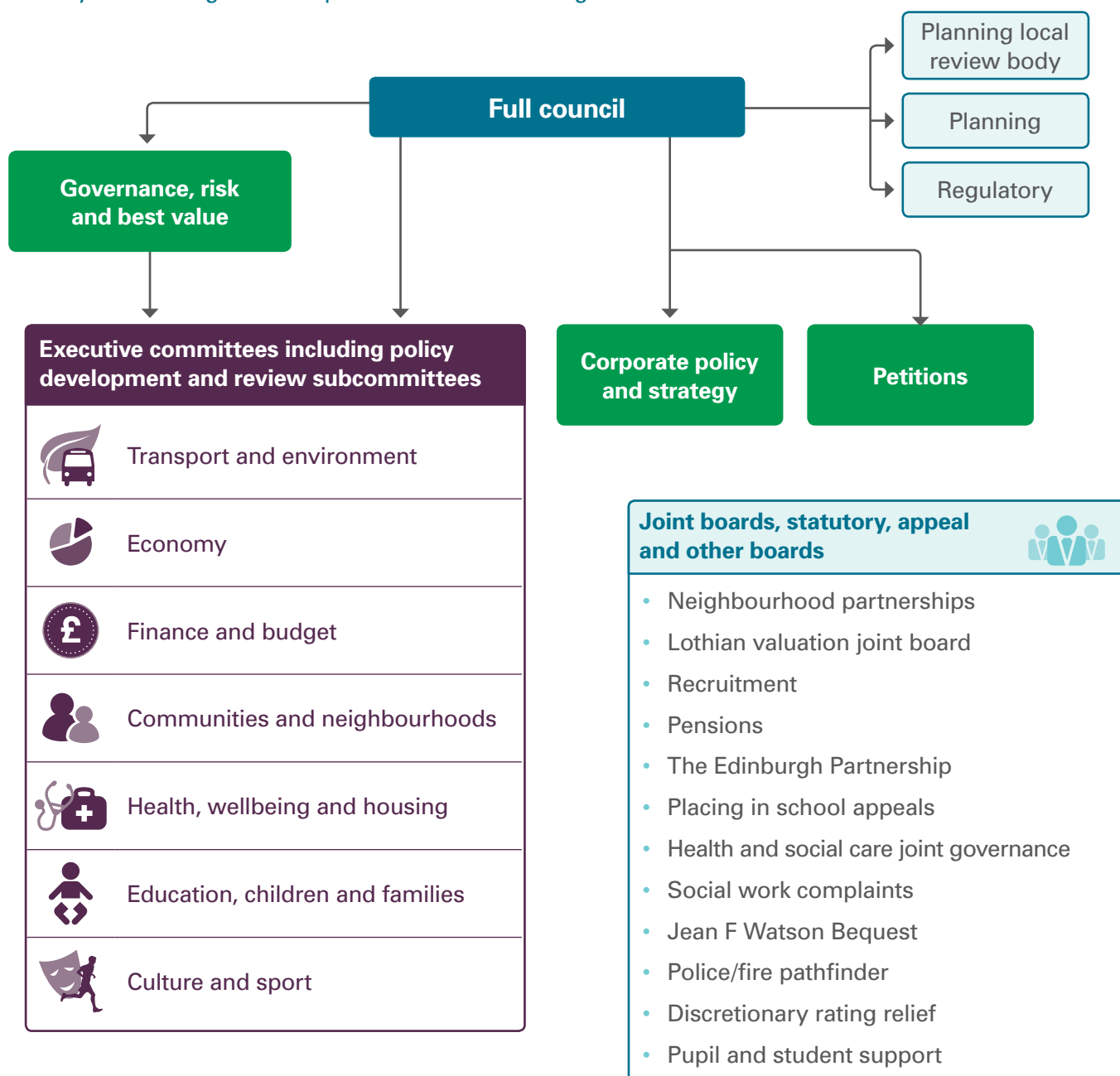
- 20 Scottish Labour Party councillors
- 17 Scottish National Party councillors
- 11 Conservative and Unionist Party councillors
- six Scottish Green Party councillors
- three Scottish Liberal Democratic Party councillors.

A by-election is due to be held on 20 June 2013 in the Liberton/Gilmerton ward.

35. In September 2012, the council approved a new committee structure ([Exhibit 2](#)). The council has seven executive committees, each with a policy development and review subcommittee and three further strategic committees.

Exhibit 2

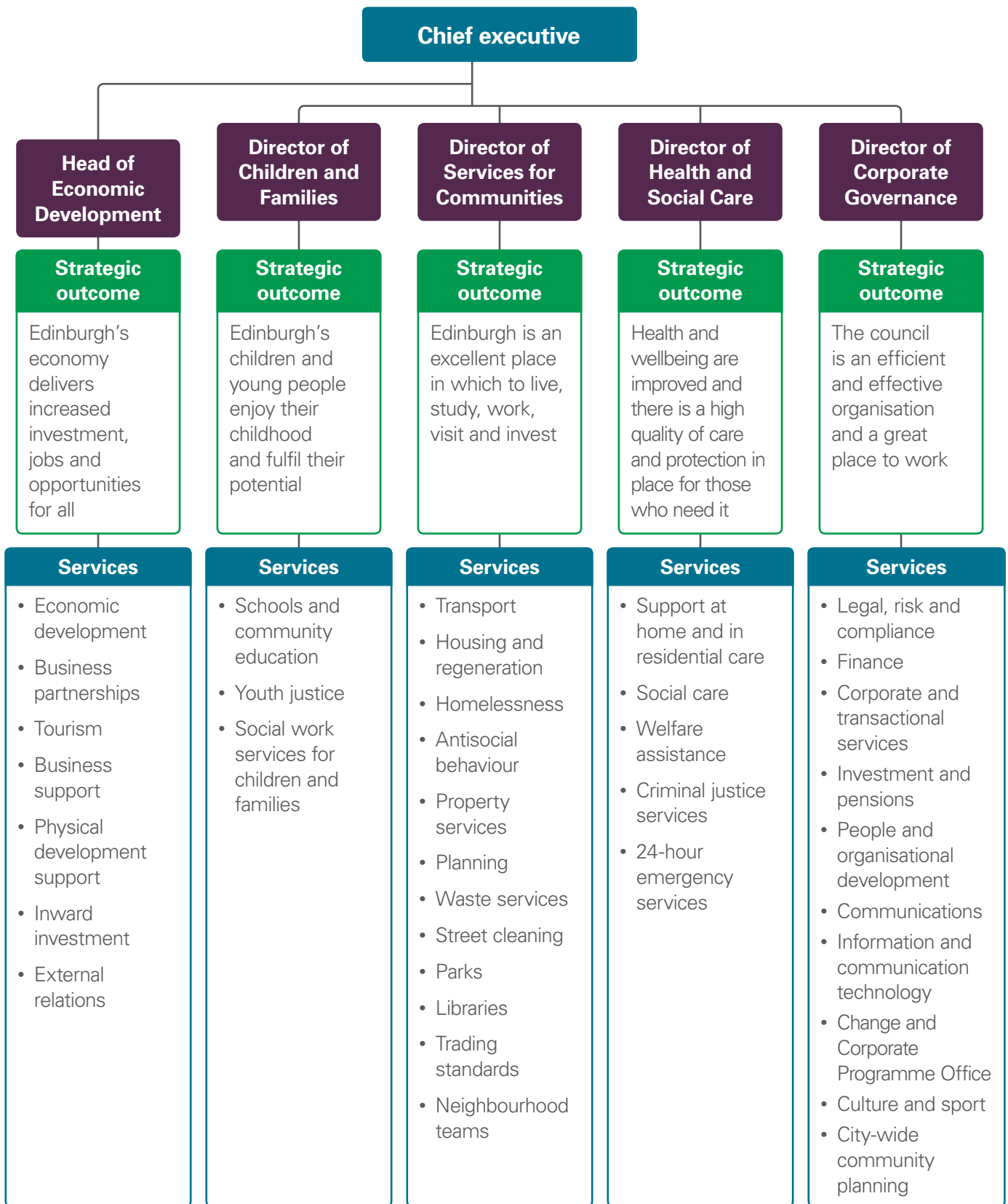
The City of Edinburgh Council political decision-making structure



Source: Audit Scotland

36. In January 2011, the council appointed a new chief executive. The council has four directors in its corporate management team, ie directors for corporate governance, health and social care, children and families, and services for communities. Each director has responsibility for a wide range of services as well as responsibility for strategic outcomes ([Exhibit 3](#)).

Exhibit 3
Management structure



Further context: timeline of events

37. Since the BV audit in 2007, the council has undergone major organisational change and has had to deal with high-profile and significant problems. The scale and complexity of these is an important part of the context: resolving contractual disputes arising from the tram project; identifying savings following the decisions not to externalise certain services; and investigating serious difficulties in its statutory repairs service. These three issues, in particular, have absorbed a large amount of senior manager time and have damaged both public confidence in the council and the council's reputation.

38. [Exhibit 4](#) sets out the most significant events in relation to each of these three matters over the past two years. It also includes a line to reflect major governance events over the same period.

39. Of the issues identified in [Exhibit 4](#), the tram project is the highest profile and involved significant input from the chief executive following her appointment in January 2011 ([Exhibit 5](#)).

Exhibit 4
Timeline

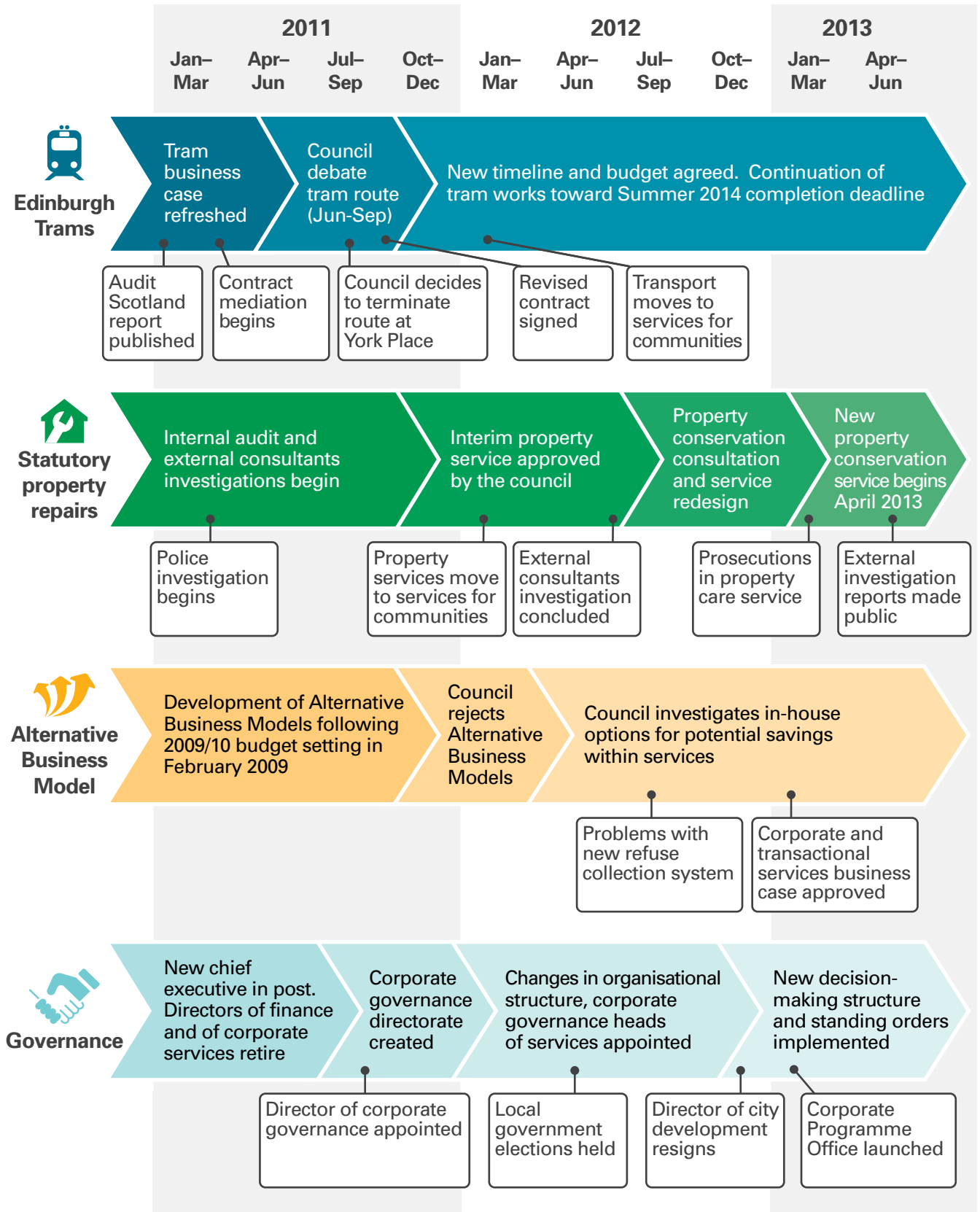


Exhibit 5

Edinburgh Trams

In May 2002, the council established Transport Initiatives Edinburgh (TIE), as a fully owned arm's-length company. Its role was to investigate how best to deliver the local transport strategy, which included a proposed new tram network. In 2003, Scottish ministers announced financial support for the project and in 2006 the project received parliamentary approval.

In October 2007, TIE announced Bilfinger Berger Siemens (BBS) as the preferred bidder for construction. The council approved TIE's final business case for the tram project in December 2007. The business case set out two project phases: 1A (Edinburgh airport to Newhaven); and 1B (Roseburn to Leith), with expected costs of £498 million for phase 1A and £87 million for phase 1B. In January 2008, the Scottish Government offered a grant of up to £500 million for phase 1A, on the condition that the project costs would not exceed £545 million, that there was a positive benefit/cost ratio and that no ongoing subsidy would be required.

TIE officially appointed BBS as the contractor in May 2008 but in February 2009, a major dispute arose between TIE and BBS that centred on differing interpretations of contractual agreements. In April 2009, the council decided to postpone phase 1B owing to the financial downturn. The dispute between TIE and BBS continued throughout 2009. During this period, the majority of construction work was effectively suspended but utilities work progressed. In December 2009, TIE agreed to a fundamental review of the contracts. In March 2010, the council announced that phase 1A of the project was unlikely to be completed within budget. At this point, the council had spent almost 60 per cent of the budget and the project was substantially behind schedule.

In October 2010, the council received a report updating it on progress and proposing an incremental approach to the project with a tram line from the airport to St Andrew Square as a first phase.

The council appointed a new chief executive in January 2011. Mediation involving all parties started in March 2011. Following this, work began on a number of priority construction areas while further detailed planning was undertaken.

Between June and September 2011, the council debated proposed revised tram routes and plans for completion resulting ultimately in it confirming that it would proceed to complete the tram line to St Andrew Square/York Place.

Subsequent negotiations led to a settlement agreement in September 2011 between the council and the contractors. At this point, the council appointed external project managers to assist the process, revised the governance arrangements and began to wind down TIE. The project has required additional funding of £231 million, which has come from additional council borrowing, increasing the overall budget to £776 million.

The project now has a planned completion date of summer 2014. At February 2013, the project is progressing in line with the new budget and timescales.

Part 4

Is the council working effectively with its partners to improve Edinburgh?



The council and its partners share a clear vision of what they want to achieve in Edinburgh. They understand the local context and work well together to improve outcomes for local people. The council shows a clear commitment to working with its communities in strategic and local planning. Partnership working is good and the council and its partners are continuing to improve this further. The council needs to ensure that the partnership board is clear about its role in the community planning structure.

40. In this section, we look at how effectively the council and its partners are responding to the needs of Edinburgh. We consider whether the council and the Edinburgh Partnership understand the issues for their communities and have set clear priorities that reflect these. We also look at how well the partnership is organised to deliver its priorities and positive outcomes for the city.

Are they focused on the challenges for Edinburgh?

41. The council and its partners share a clear vision of what they want to achieve in Edinburgh. Their priorities align and are clearly set out in three strategic documents, ie the Edinburgh Partnership's single outcome agreement (SOA) (March 2012), the council administration's pledges (May 2012) and the council's strategic plan (October 2012) ([Exhibit 6](#)). They also demonstrate a clear understanding of the local context that includes, for example, the city's role as a capital, its economy and workforce, and the challenges in providing affordable housing and sustainable social care.

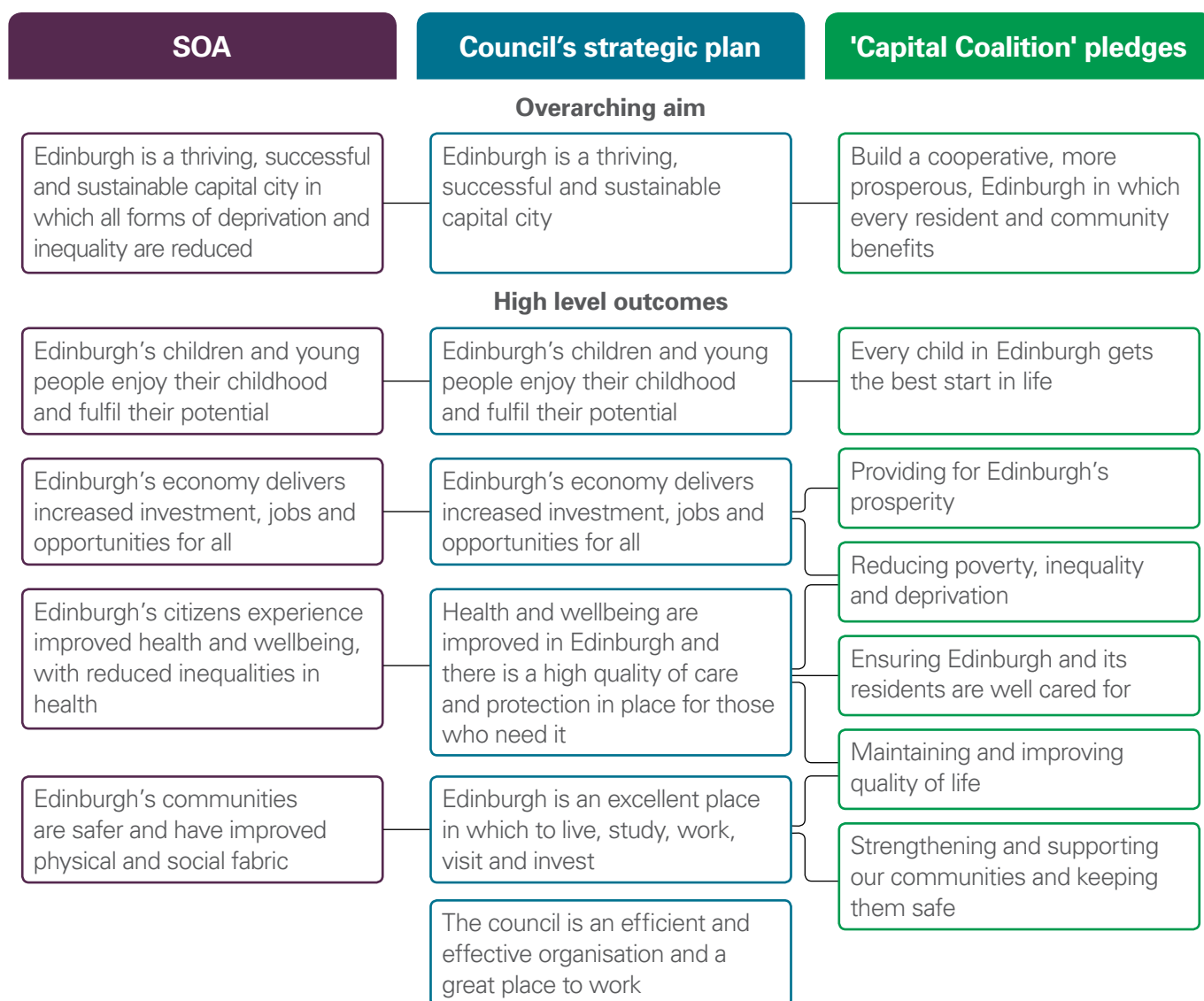
42. All 32 Scottish Community Planning Partnerships produce SOAs. These set out the partnership priorities, how they aim to achieve these and measures for monitoring progress. The 2012–15 Edinburgh SOA introduces a much clearer focus on addressing inequalities and now includes a commitment to 'reduce poverty and deprivation in all its forms'. There is also a clear reference to reducing health inequalities. Social and economic sustainability are implicit in the SOA but environmental sustainability is not evident as a planned outcome. At the time of the audit, the partnership was agreeing the new SOA. The partnership acknowledges that it needs to review how environmental sustainability is better reflected in its priorities and planning.

Engaging with communities

43. The council has a range of good approaches to involving communities in discussions about services and priorities. The council commissions an independent annual survey of residents to collect information on local matters, perceptions and satisfaction. The council uses this information to inform corporate and service planning.

Exhibit 6

Corporate, Capital Coalition and Edinburgh Partnership priority correlation



Source: Audit Scotland

44. The council and individual services also engage with service users on specific matters. For example, the council has a consultations page on its website and topics that the public can express opinions on include school proposals, the approach to commissioning services for children and local transport. Direct engagement with communities is also evident in services and in local neighbourhoods, for example in the Total Neighbourhood projects ([Exhibit 7](#)).

45. Developments over the past year to further improve its approaches include:

- **Committee changes** – the communities and neighbourhoods committee increases the council's focus on partnership and neighbourhood working, while the petitions committee provides an opportunity for people to influence council business.

- **Customer Access Strategy** – which focuses on improving how people can contact the council, for example through its customer call centre and online.
- **Complaints management** – the council has updated its complaints processes to comply with Scottish Public Services Ombudsman (SPSO) guidance and to bring together different approaches across the council into a single system.
- **Budget consultation** – the council consulted with the public on its 2013/14 budget. This included an online survey, social media and community meetings.

Exhibit 7

Total Craigroyston and Total Neighbourhood projects

Total Craigroyston and Total Neighbourhood are two pilot initiatives started in 2012 that aim to improve outcomes for residents in more deprived areas of Edinburgh.

Total Craigroyston focuses on improving outcomes for children from Craigroyston High School and the catchment primary schools in the north of the city. Between May and June 2012, the project team consulted local people to understand better their concerns and aspirations for the area. The project team is using this to inform an action plan. The team has also started to improve support for primary school pupils moving to secondary school and to identify young people who recently left full-time education who are no longer in positive destinations.

Total Neighbourhood is based in a new multi-agency purpose-built building in the east of the city. The project's aim is to improve outcomes and the quality of life for residents. It aims to achieve this by improving the quality of services, better integrated working, and better community and stakeholder involvement. The project team has run workshops with staff in the area to understand how services could work better. It is also reviewing the effectiveness of money spent in the area.

Both initiatives involve a wide range of public sector and voluntary organisations. They are monitored by the Edinburgh Partnership and by the council's communities and neighbourhood committee. No additional money has been allocated to these initiatives with the core teams made up of council and police staff. Both initiatives are in their early stages but the council hopes, if successful, the 'total model' will be rolled out across the city.

Source: Audit Scotland

How effective is partnership working?

46. The council and its partners have well-established working arrangements that include strong links with the business and voluntary sectors. The council knows where the arrangements need to be strengthened and is taking action with its partners to address these. The council provides strong and effective leadership on Community Planning but needs to make sure that the role of the partnership board, such as in the approval of the SOA, is clearer.

47. The Edinburgh Partnership has continued to strengthen its structures. The 2007 BV audit identified the need to refocus community planning arrangements and the partnership reviewed its structures in 2008/09. This resulted in increased representation from councillors and more clarity about their role. In 2009, the partnership also set up an executive group of senior managers from partner organisations to lead improvement in Community Planning. It also reviewed its links to the council's neighbourhood structures and the coverage of its strategic partnerships.

48. [Exhibit 8](#) provides an overview of the community planning structures. It also illustrates the links to the neighbourhood partnerships and shows how the council's new communities and neighbourhoods committee fits into these arrangements.

49. While demonstrating a clear awareness of the issues, the partnership board is less clear about its role in leading the partnership, developing the SOA and scrutinising progress. While current arrangements are effective, the council needs to help clarify the partnership board's role in the current arrangements, for example in approving the SOA.

50. The role of the partnership's thematic groups is evolving. The partnership agreed revised strategic partnerships in October 2012. Some of these, such as the community safety partnership, have been in place for some years and have a clear focus. However, others, such as the economic development strategic partnership, are relatively new and are still defining their remits. The Edinburgh Partnership has also faced challenges in setting up its climate change strategic partnership ([paragraph 95](#)).

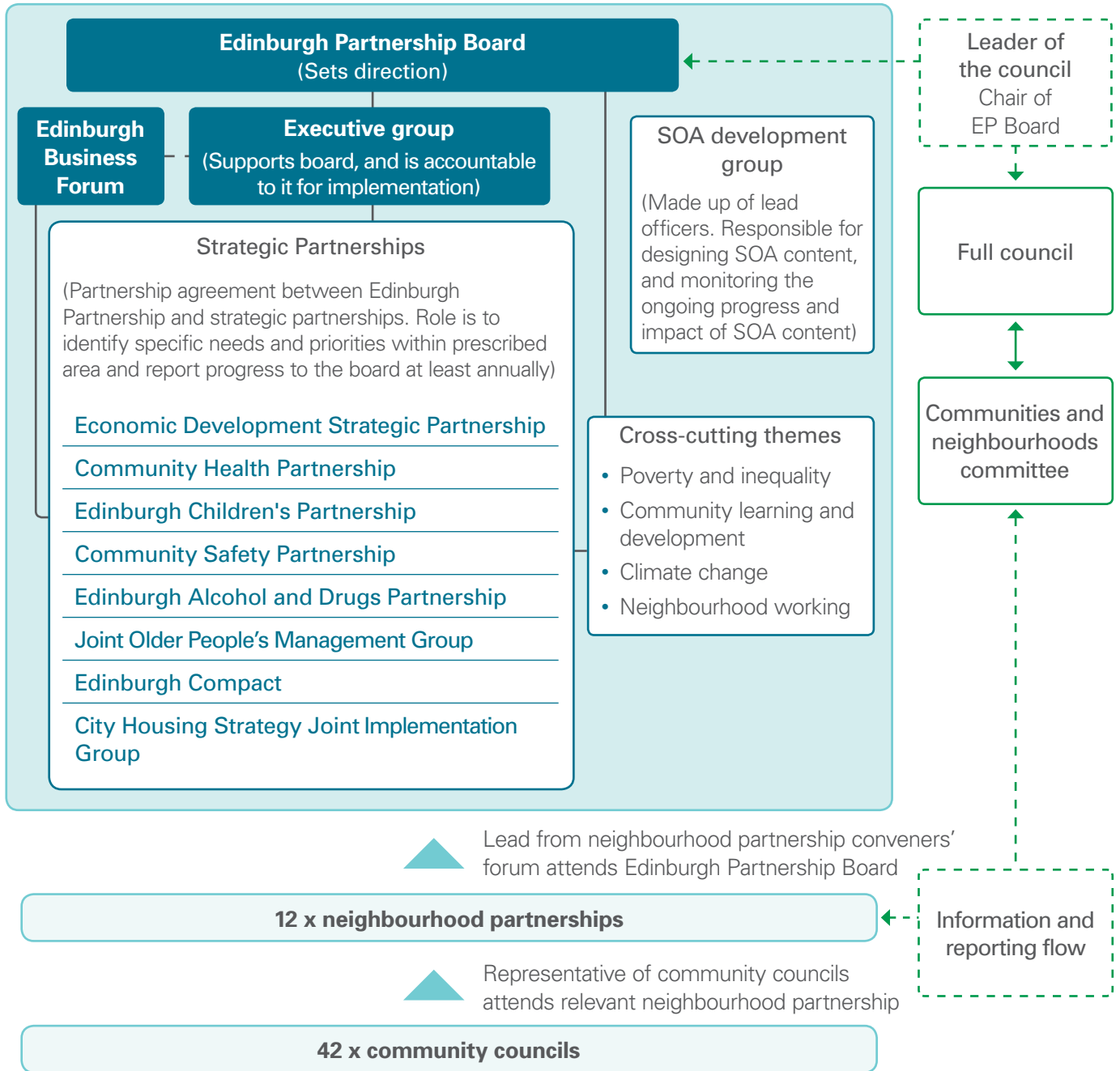
51. The council and NHS Lothian work well together in the Community Health Partnership. The council's director of health and social care has been a joint appointment with the health board since 2005. Organisational changes within both bodies have helped to improve strategic level working relationships and the current focus on service integration is helping to develop these further.

52. In preparation for integration of health and social care, the council and NHS Lothian revised its arrangements in October 2012 to form a shadow health and social care partnership. The partnership has equal representation from the council and the health board. The integrated service came into effect on 1 April 2013, with community-based services coming together in the first year and acute services following thereafter. A finance group, composed of officers from the council and the health board, is working to align health and social care budgets. The group aims to introduce a pooled budget for community care in April 2014 and for acute services the following year. The council and the health board are also working to develop joint performance management arrangements.

53. The council has an effective neighbourhood structure that enables communities to help shape local priorities. There are 12 neighbourhood partnerships. Each includes representation from local communities, services such as police and health, community councils, local businesses and councillors. Each partnership also agrees a local community plan, setting out local priorities.

54. To improve further these well-established arrangements, the council and its partners have two neighbourhood pilots, Total Neighbourhood and Total Craigmoynton [Exhibit 7](#). Both projects are still at an early stage but have the potential to demonstrate what can be achieved by a more targeted, local approach.

Exhibit 8
Community planning structures



Source: Audit Scotland

55. Performance management within the Edinburgh Partnership is well structured and it is continuing to develop. The partnership uses the council's performance management system to collect performance information and receives progress reports on the SOA. However, there is scope for stronger evaluation of individual projects and workstreams.

Part 5

What have the council and its partners achieved?



The council and its partners are making good progress with improving outcomes for people and communities. Priorities linked to the economy and employment show signs of improvement in a challenging national economic climate. There is also progress in outcomes relating to children and young people, health and community safety. People in Edinburgh show a high level of satisfaction with the area as a good place to live.

The council and its partners are aware of the particular challenges they face in providing sustainable adult social care, meeting demand for affordable housing and preparing for changes to the welfare system. The council needs to do more to improve waste management and cleanliness.

56. The following paragraphs assess the progress the council (through its services) and its partners are making towards each of the Edinburgh Partnership's high-level outcome priorities.

Edinburgh Partnership outcome priority: 'Edinburgh's economy delivers increased investment, jobs and opportunities for all'

57. The council and its partners are making good progress in supporting the Edinburgh economy. Priorities linked to the economy and employment show encouraging signs of improvement in a difficult economic climate and in comparison to other parts of Scotland.

Edinburgh's economy is doing well despite the economic climate

58. The council and its partners use Edinburgh's characteristics, including its capital city status and festivals, to promote economic development. The city's economy is responding well despite the economic climate. For example:

- There were 1.34 million visits by overseas tourists in 2011, up from 1.31 million in 2010. Overseas visitor expenditure increased from £524 million to £609 million.
- There were 32 foreign direct investments into Edinburgh announced in 2011/12, almost twice as many as in 2010/11, with a value of between £300 million and £400 million.
- The council is ahead of its targets for promoting investment in physical development and regeneration in the city. From April to December 2012, the net investment was £75 million, ahead of the council's target by £25 million.

- The number of new businesses starting up has increased in 2012 and compares well against other cities across the UK. Only London had more business start-ups.
- The economic performance of Edinburgh contributes strongly to the wider UK economy. The economic value of all goods and services provided in Edinburgh, at £34,178 per head of population,⁹ is higher than in any other UK local authority outside of central London.

59. The council is committed to helping economic growth. For example, in November 2012, the council brought the 'business gateway service' in-house and set up a new one-stop advice and assistance service for businesses within its headquarters. The council also played an active role in the successful bid to locate the headquarters of the UK's new Green Investment Bank in Edinburgh in 2012. The council and its partners are focused on improving employment and opportunities and are making good progress. For example:

- Following a period of declining employment rates, the employment rate increased slightly to 71.1 per cent in September 2012, above the Scottish average of 70.8 per cent. However, the rate is slightly below the SOA target of 72 per cent for 2012.
- In the year to December 2012, the council helped 1,610 unemployed people into employment or learning, exceeding its target by 110. The council is behind its target for job creation over the same period, with 449 jobs created and safeguarded against a target of 500.
- The council led the development of a new 'strategy for jobs' for 2012–17. This was launched in September 2012 in partnership with the Edinburgh Business Forum.

60. The council and its partners have identified young people's opportunities as a specific area for improvement. Despite good levels of educational attainment, the percentage of school leavers in Edinburgh going into employment, training or continued education was worse than in any other council area across Scotland in 2009/10. In response, partners across the city, including the private sector, have signed up to the Edinburgh Guarantee ([Exhibit 9](#)). This is a good example of what can be achieved when partners focus collectively on a priority for improvement. Although it is too early to assess whether there will be sustained improvement, the council is now the fourth most improved local authority in Scotland for getting school leavers into a positive destination. The percentage of school leavers going into work, training or continuing in education increased from 82.0 per cent in 2009/10 to 88.3 per cent in 2011/12, a little below the Scottish average of 89.9 per cent.

Edinburgh Partnership outcome priority: 'Edinburgh's children and young people enjoy their childhood and fulfil their potential'

61. The council and its partners are achieving mostly positive and improving outcomes for young people. In particular, they are making good progress in improving educational outcomes. They still need to do more to close the gap between children from affluent backgrounds and those from more deprived backgrounds.

Exhibit 9

Edinburgh Guarantee

The Edinburgh Guarantee involves the public, private and voluntary sectors in the city working together to ensure that every school leaver in Edinburgh has a job, training or further education opportunity. It is based on a shared vision among partners that everyone has something to offer and that the city, working together, can deliver a better future for young people, and for the economy. The Edinburgh Guarantee's successes include:

- since August 2011, working with over 150 businesses and organisations across Edinburgh to generate opportunities for school leavers
- matching 513 young people into opportunities by October 2012 including internships, modern apprenticeships, permanent positions, fixed-term positions and training programmes
- setting up sector-based working groups to promote youth employment within different sectors and unlock opportunities for young people
- engaging business and seeking new and innovative ways to introduce the world of work into schools.

Source: Audit Scotland; Edinburgh Guarantee website – www.theedinburghguarantee.co.uk

62. In April 2013, the Care Inspectorate published a report¹⁰ about services for children and young people in Edinburgh. It concludes that the council and its partners are providing a good service, assessing the services as good for seven out of eight quality indicators and very good for the eighth, ie recognising the very wide range of measures to consult and seek the views of children, young people, families and other stakeholders. The report also indicates mostly positive and improving outcomes ([Exhibit 10](#)).

Children are doing better at school

63. There are positive trends in most of the measures that show how well children and young people are performing in Edinburgh's council-run schools. For example:

- Educational attainment at secondary school level on almost all measures shows improving and comparatively good performance. Almost all indicators, covering attainment measures for S4 to S6 pupils, are in line with or above the national average.
- Secondary school exclusion rates improved between 2009/10 and 2010/11. In both primary and secondary schools, fewer children were permanently excluded. There are also positive trends in attendance rates for primary and secondary schools and the council is meeting its targets for both measures.

More still needs to be done to address inequalities

64. The council and its partners show a strong commitment to equal opportunities for children and young people, whatever their background. Some measures show that the inequality experienced by children and young people is decreasing. For example:

- The average attainment for S4 and S5 pupils¹¹ from the least deprived areas has been steady while it has improved for those in the most deprived areas.
- There has been a narrowing of the gap in the average attainment for the 20 per cent lowest attaining pupils compared to the average for all pupils.

Exhibit 10

Care Inspectorate findings 2013

'...Overall, partners are making steady improvements in the wellbeing of children and young people. Positive progress is being made against the performance indicators set out in the Single Outcome Agreement and the Integrated Children and Young People's Plan. Encouraging trends are being achieved in the outcomes for all children and young people...

- Overall the extent to which children and young people in Edinburgh get the best start in life and their life chances are improved is good...
- Children and young people get very effective support to keep safe...
- Parents and carers of very young children benefit from highly effective support and guidance...
- Children and young people are supported to attend school and this helps them to make better progress in their learning and educational attainment...
- The number of high-quality nurturing and stable environments for children who are unable to live at home is increasing rapidly...
- Parents and carers are very positive about the supporting and trusting relationships they enjoy with staff...
- Communities are encouraged to develop local solutions to local problems and become involved in designing the services they need...'

Source: Care Inspectorate

65. However, more work is needed in some areas. For example:

- The average attainment trends for S6 pupils show a widening gap, although at a much lower level than the national trend. The gap in attainment between S6 pupils in the most and least deprived areas in Edinburgh increased by 0.7 per cent between 2004/05 and 2010/11, compared to 15 per cent nationally.
- There has been improvement for school leavers¹² going on to employment, training or continuing in education for young people from both the most and least deprived areas. The rate of improvement has been faster for those from the most affluent areas. This widening gap is in contrast to the national trend.

The council and its partners are working hard to protect the most vulnerable children and young people, but more progress is needed

66. The council and its partners show a clear commitment to improving the outcomes for vulnerable children and young people. The Care Inspectorate concludes in its April 2013 report that encouraging trends are being achieved in the outcomes for all children and young people and in reducing outcome gaps for those whose life chances are at risk. Considerable improvements have been made in the quality of services to protect children.

67. This improvement is reflected in some of the performance measures, for example:

- The number of reviews of looked-after children completed within the target time has increased from 62 per cent in 2011 to 81 per cent in 2012.
- The number of children leaving accommodation through adoption has improved year-on-year, from 40 in 2009/10 to 49 in 2011/12. This is close to the council's target of 50.

68. The Care Inspectorate report indicates that the council and its partners need to continue to reduce outcome gaps for children and young people whose life chances are at risk and place a stronger focus on achieving speedier improvement for the most vulnerable.

69. Performance information indicates that more work is needed to improve the outcomes for some of the most vulnerable children and young people in Edinburgh. For example:

- The target is to reduce the number of children needing to be looked after, but this has remained stable over the last three years, at around 15.4 per 1,000 children.
- The percentage of children in foster care, placed full-time with a council foster carer, has declined, from 65 per cent in 2009/10 to 57 per cent in 2011/12, against a target of 63 per cent.

Edinburgh Partnership outcome priority: 'Edinburgh's citizens experience improved health and wellbeing, with reduced inequalities in health'

70. The council and its partners are achieving generally positive and improving health outcomes. Health inequalities are complex and it will take time for the partnership to demonstrate improvement. Analysis of outcomes between areas of high and low deprivation indicates some positive trends in reducing inequalities, but more progress is still needed. With an increasing older population, there are particular challenges for the council in improving the provision of care home placements and homecare.

The health of the people of Edinburgh is improving

71. There are positive trends in many of the health outcome measures including some of the longer-term indicators. For example:

- Life expectancy¹³ for both men and women has improved and is above the national average (male life expectancy in Edinburgh is 77.2 years compared

to 75.9 nationally and for females is 81.9 years in Edinburgh compared to 80.4 nationally).

- The rates of premature deaths¹⁴ have improved and are lower than the national average (323.7 in Edinburgh in 2011 compared to 349.1 nationally).

72. There are also positive trends in some of the factors that can influence health and wellbeing. For example:

- Smoking rates for adults have decreased year-on-year, falling by a quarter between 2000 and 2010 and at 21.4 per cent is below the national average of 24.2 per cent.
- Alcohol-related hospital admissions fell by 24 per cent between 2007/08 and 2010/11. At 605 admissions per 100,000 population, this is also below the national rate of 695.

More still needs to be done to reduce inequalities in health and wellbeing

73. There are some indications of progress in closing the gap in health between the most and least deprived people in Edinburgh. For example:

- Hospital admissions owing to coronary heart disease have decreased in the most and least deprived areas. The difference between the most and least deprived people has improved at a slightly faster pace than in Scotland as a whole. The gap has decreased by 52.5 per cent in Edinburgh between 2002 and 2010 compared to 50.6 per cent nationally.
- Smoking levels have declined at a slightly faster pace in the more deprived areas of Edinburgh.

74. Some measures indicate that more work is needed to close the gap between the least and most deprived communities. For example:

- The life expectancy rates for people in the more deprived areas of Edinburgh have not increased as quickly as other areas, meaning the gap in life expectancy between the most and least deprived areas has widened. The gap has widened by 2.1 per cent for males and by 16.1 per cent for females between 2003/07 and 2006/10, compared to 3.5 and 4.3 per cent nationally.
- The rates for premature deaths for those in the more deprived areas have been falling but, at 647 per 100,000 people, remain more than twice as high as those for Edinburgh as a whole at 323 per 100,000 people.

The council and its partners are working to improve the provision of homecare and care home placements, but more progress is needed

75. With an ageing population, the demand for care is increasing. The council and its partners face challenges in maintaining sufficient care home placements and carers to meet demand. The health and social care service has shown improved performance but now needs to do more.

76. In January 2012, the Care Inspectorate published a report¹⁵ on the council's social work services. The assessment found no areas for urgent attention or of significant risk. The report states that the council was strongly focused on

outcomes. Although outcomes across the services were mixed, the council closely monitored performance and was identifying where further improvement was needed.

77. On indicators relating to the balance of care for older people, the Care Inspectorate's report notes an upward trend in performance from a low base, with a small but steady increase in the number of people receiving intensive homecare. This had contributed to a reduction in the number of people going into residential care and an increase in residents' dependency levels in the care homes. The report states that the council's own homecare service, which provided 26 per cent of care at home hours, needed to develop more flexibility and capacity.

78. The rate of homecare hours provided has improved. The health and social care service has achieved year-on-year improvement on a number of homecare indicators. Between 2009/10 and 2011/12 the percentage of homecare clients who receive personal care increased from 89.5 per cent to 96.1 per cent; the percentage who received overnight care increased from 31 per cent to 40.5 per cent; and those receiving services at weekends increased from 69.5 per cent to 79.9 per cent. However, this performance remains mid-range when compared to other councils.

79. More people have experienced delays in being discharged from hospital. The council and its partners recognise that this is due to care placements and homecare provision not meeting demand. The council has taken action to increase care provision availability in response to identified shortages but demand is increasing and the council and its partners need to take more action.

Edinburgh Partnership outcome priority: 'Edinburgh's communities are safer and have improved physical and social fabric'

80. Performance on this outcome, which aims to 'ensure people are safe from crime, disorder and danger; are well housed; and live in engaged, inclusive and supportive communities' is mixed. There are positive trends in crime and safety and positive levels of public satisfaction. However, outcomes relating to cleanliness and recycling are comparatively poor. Meeting the demand for housing remains a challenge but there are some signs of progress.

Levels of crime and safety show improvement

81. There is good progress in improving crime and safety outcomes in Edinburgh. For example:

- Overall levels of crime have decreased.
- The percentage of people who feel safe after dark in their neighbourhood has increased from 77 per cent in 2011 to 88 per cent in 2012.
- There have been reductions in the rates of deliberate secondary fires¹⁶ and reductions in vandalism.
- Satisfaction with how well vandalism, graffiti and antisocial behaviour are dealt with at neighbourhood levels has improved and the partnership is achieving its targets for these measures.

82. However, more work is needed in some areas. For example:

- Rates of accidental house fires have been worsening over the last few years despite a previous trend of improvement.

The infrastructure for travelling in Edinburgh is good

83. The tram project has been a major challenge for the council over the last few years. The project is progressing and the council expects trams to run from the summer of 2014.

84. The tram difficulties will have affected public perception of travelling in Edinburgh. More broadly, however, there is good performance in relation to transport and travelling in the city. For example:

- In 2012, 85.4 per cent of people were satisfied with public transport provision. Satisfaction with public transport is generally higher in Edinburgh than nationally.
- Public transport usage and levels of people walking, running and cycling to work in Edinburgh compare well to average levels across Scotland and in other cities. Edinburgh has particularly high levels of travel by bus and by cycling and this has increased steadily over the last ten years.
- The condition of roads in the area is not good but is better than the national average and has improved over the last three years. The proportion of roads requiring maintenance is 32.4 per cent for 2011/12 compared to the national average of 36.4 per cent.

The management of the city's waste and cleanliness needs to improve

85. The amount of waste going to landfill has steadily decreased from 2007/08 to 2011/12 by 19 per cent, meeting the partnership's target. However, there is scope for further improvement. For example:

- There has been a slight improvement in recycling over the last few years but it remains comparatively low, at 33.3 per cent compared to a national average of 41.0 per cent in 2011/12, and is not meeting the partnership's SOA target of 35 per cent.
- There has been a slight improvement in street cleanliness levels. However, these remain worse than the Scottish average.
- Although the cost of waste disposal is less than the national average (£76 per premise compared to £105) the cost of collection per premise is higher (£92 compared to £81 nationally). The cost of street cleaning is the highest in Scotland at £33,957 per 1,000 people, compared to an average of £19,380 nationally.

86. The council introduced a new waste collection policy in September 2012 aimed at increasing recycling rates, reducing the amount of waste going to landfill and to reduce landfill costs.

87. The council has experienced difficulties in implementing the new waste collection arrangements. Complaints about waste collections increased from an average of less than 3,000 a month to 10,384 complaints in the two months

after the revised arrangements came into effect. Some reduction to service performance is likely during a period of transition and it is too early to assess the longer-term performance of the new arrangements.

Meeting housing needs continues to be a challenge

88. The council and its partners face challenges in making sure the people of Edinburgh have access to suitable housing. The partnership has identified the need for an additional 36,000 homes to meet demand over the next ten years and, of this, 16,600 affordable homes are needed. Housing shortages make it more difficult to manage homelessness effectively.

89. In 2012, the Scottish Housing Regulator (SHR) carried out a targeted inspection of the council's homelessness services.¹⁷ SHR found that the council had improved its service and was on track to meet the national target to abolish the priority need assessment. SHR also commented on the impact of the challenging local context, with the significant imbalance between housing demand and supply in Edinburgh. It noted that waiting times for permanent accommodation are long as a result of the limited supply of accommodation.

90. The council and its partners are responding well to the challenges in a number of ways, for example:

- Private sector house building increased by 35 per cent in 2011/12 compared with the previous year. This follows a period of significant reduction in house building during the economic recession.
- New homes completed through the Affordable Housing Investment Programme surpassed the partnership's target. In 2011/12, 657 homes were completed against a target of 505. Also in 2011/12, the partnership secured funding to approve the construction of 1,558 new affordable homes.
- The number of council houses meeting the Scottish Housing Quality Standards (SHQS) has improved year-on-year and compares well with other councils. In 2011/12, 74.5 per cent met the standard compared to a national average of 66.1 per cent.
- Housing management indicators are generally positive, with all comparable indicators either better than or in line with national averages. Performance is particularly strong in collecting rent arrears from former tenants, the council had the highest rate in 2011/12 across all councils at 60.7 per cent compared to 35.7 per cent nationally. It also performs well in relation to minimising rent losses from unoccupied properties at 0.5 per cent compared to 1.3 per cent nationally.
- Management of temporary homelessness cases is generally good, with good performance on the time taken to complete assessments and improving performance on reassessments. Performance improved from 6.5 per cent requiring reassessment in 2009/10 to five per cent in 2011/12.

91. However, more work is needed in some areas. For example:

- The number of homeless people housed in permanent accommodation has been relatively static and is the third lowest across all councils at 33 per cent, well below the Scottish average of 49.2. There are also

comparatively high rates of reassessment required for permanent homelessness cases at 7.5 per cent, the fourth worst rate in Scotland.

- There is improving, but comparatively poor, performance on benefits and council tax management.

92. The council is preparing well for the UK-wide changes to the welfare system. The reforms will change how the council manages benefits and housing services. Its welfare reform strategic planning group brings together representatives from across council services most affected by the reforms. The council is also working with a range of other relevant organisations, such as the Scottish and UK Governments, COSLA¹⁸ and the DWP,¹⁹ to help to understand and plan for the changes. The council, along with one of its housing association partners, volunteered to be a pilot site for testing aspects of the reforms.

Sustainability

93. The council is making good progress against its environmental sustainability targets. It is developing arrangements to promote environmental sustainability but it is too early to assess their effectiveness. In its *Climate Change Declaration Annual Report 2011*, the council reported a 6.2 per cent reduction in its main carbon footprint categories between 2005/06 and 2010/11, ie in transport, building energy use, municipal waste, and infrastructure energy. The council aims to reduce its carbon emissions by 15 per cent by the end of 2015/16.

94. The council shows commitment to environmental sustainability but needs to do more to monitor and manage progress. In March 2012, the council approved the 'Sustainable Edinburgh 2020' action plan. A progress report was due in September 2012. The corporate policy and strategy committee received this report in April 2013.

95. The council and its partners need to improve how they work together on environmental sustainability. The Edinburgh Partnership agreed to set up a climate change strategic partnership but, at the time of the audit, this was not in place. Environmental sustainability and climate change form part of the context in the SOA but there are no specific sustainability performance targets.

Equalities

96. The council and its partners have a clear ambition to tackle inequalities and identify this as an area of particular focus. The council has sound arrangements in place and has taken action to embed equalities throughout its services.

97. The Edinburgh Partnership's overarching vision, 'Edinburgh is a thriving, successful and sustainable capital city in which all forms of deprivation and inequality are reduced', shows a clear ambition to tackle inequality.

98. In June 2012, the council approved a new *Framework for Equality and Human Rights 2012/17*. This sets out how the council will respond to its statutory duties for equalities and includes wider social and economic issues. The implementation timetable includes milestones and a progress report is due to go to the communities and neighbourhoods committee in May 2013.

99. As well as agreeing its new equalities framework, the council has also committed to a programme of equality and rights impact assessments (ERiAs). ERiAs widen the focus of the assessment to cover the full range of new duties and framework objectives.

100. In implementing its equalities framework, the council is developing outcome measures to monitor the impact of its activity. These measures will link to the council's strategic plan and the partnership's SOA. The council has been using the equalities measurement framework, developed by the Equalities and Human Rights Commission, to help it gather and use appropriate information.

101. The council reviewed its internal arrangements for equalities when it restructured its corporate governance department. Equalities is now brought together with sustainability, Community Planning and voluntary sector engagement as a single unit within the department. This structure is relatively new and it is too early to assess whether the arrangements are working effectively.

Part 6

Is the council managing its resources effectively?



The council manages its finances well, with spending contained within budgets and long-term financial plans in place. It faces significant financial challenges, particularly from 2014/15 onwards. Its savings plans depend heavily on savings from improved procurement. The council is starting to address weaknesses in workforce planning and ICT, recognising that these are essential to achieve the improvements it is pursuing.

Managing finances

102. The council has achieved good financial results in recent years. It has operated within budget and has reserves available, but has a substantial level of borrowing. The council has identified significant financial challenges and has savings programmes in place that aim to address these.

103. In 2011/12, the council reported an under-spend against budget and a general fund balance of £101 million at 31 March 2012. Its cumulative debt was £1.4 billion at that date, an increase of 30 per cent over four years. This is due to the purchase of its Waverley Court headquarters building and other properties, to achieve revenue savings, and the tram project. The council is operating within the borrowing limits in its treasury policy. However, the associated increase in borrowing costs will reduce flexibility in future budgets.

104. The council set a balanced budget for 2013/14 but the position becomes much more challenging from 2014/15. In the context of a net annual expenditure of about £1 billion, the four-year budget for 2014–18²⁰ shows overall savings requirements of £33 million in 2014/15 and recurring annual savings of £107 million by 2017/18.

105. The council is examining options for achieving these savings. The four-year budget shows that the council's plans depend heavily on savings from improved procurement, ie recurring annual savings of £41 million by 2017/18. Assuming all elements of the savings plans are achieved, the council still needs to identify savings of £7 million in 2015/16, £19 million in 2016/17 and £17 million in 2017/18.

106. The council had planned to save £294 million from ABM, which would have involved partnerships with the private sector (**Exhibit 11**) and new ways of working. By January 2012, however, the council had rejected the ABM proposals and decided to pursue in-house alternatives. This approach required the council to change its financial plans and to identify alternatives to the savings anticipated from ABM. These are reflected in the 2014–18 four-year budget highlighted above.

Exhibit 11

Alternative Business Models

In February 2009, the council agreed to start a major project to examine ABM for the provision of some services. ABM aimed to achieve savings of £294 million over a seven- to ten-year period and involved delivering services with private sector partners. The following service areas were part of ABM:

- Corporate and Transactional Services (CaTS) – including revenues and benefits, human resources and payroll
- Integrated Facilities Management – covering building maintenance and design, catering, cleaning, janitorial and security services
- Environmental Services – including refuse collection, street cleansing, road maintenance and design and ground maintenance.

In November 2011, members voted to terminate the procurement process for Environmental Services. In January 2012, the council decided not to proceed with Integrated Facilities Management and CaTS. In the relevant reports when these decisions were made, officers recommended to councillors that CaTS should not proceed as part of the ABM project but did recommend proceeding with the other two service areas. By January 2012, the council had invested £3.3 million in the ABM project.

Since January 2012, officers have been working on a programme of internal improvement for each service:

- ImProve it, the environmental service plan to redesign waste collection
- Integrated Property and Facilities Management (iPFM), aims to reduce the number and improve the quality and energy efficiency of its buildings
- CaTS, designed to improve customer services through online services and new technology.

Plans are at various stages of development: the council approved the business case for CaTS in January 2013 and officers are developing more detailed business cases for ImProve it and iPFM. The council has pressed ahead with changes under the ImProve it programme and has achieved savings.

Source: Audit Scotland

107. During 2011, the council identified serious problems in its statutory repairs service and there is a risk that this will affect its financial plans. The council decided to restrict this service to emergency repairs following investigations of alleged improper practices including poor service, overcharging and mismanagement ([Exhibit 12](#)). The total amount due to the council for work done was £40 million at 31 March 2012. There is uncertainty about how much of this the council will be able to recover. There is also a risk of legal claims from contractors and residents from work completed under the statutory repairs scheme.

Exhibit 12

Statutory property repairs

The council appointed external consultants to investigate its property conservation service in April 2011 following allegations of poor service, overcharging and mismanagement. The service was responsible for serving statutory notices requiring repairs to commonly owned parts of buildings, such as roofs.¹ The council subsequently broadened the review to include services that maintained council buildings.

The council commissioned external consultants to undertake the investigation. The police launched a separate investigation because of the nature of some of the allegations. While the council investigation is complete, elements of the police investigation are ongoing. The council's investigation identified a range of shortcomings in the service provision. The council has dismissed four members of staff, two have retired and a further two are under investigation. The council published the external consultants' reports in April 2013.

The council has received over 900 complaints about repairs projects. It has a two-stage process involving initial consideration and an appeals process. A report to the council in March 2013 indicated that all complaints would receive initial consideration by the end of that month. Those cases where the council considers there may be a case to answer will be the subject of mediation over summer 2013.

In August 2012, the policy and strategy committee agreed the service should end. The council launched a new 'Shared Repairs Service' in April 2013. This service focuses on providing advice and information to homeowners and an emergency response service.

Note: 1. Under powers in the 1991 City of Edinburgh District Council Confirmation Order.

Source: Audit Scotland

108. The 2007 BV report identified the need for more effective longer-term financial planning. The council has made good progress in developing longer-term financial plans. It now has a long-term financial plan for the period to 2019/20. This shows future budgets based on existing service levels and identifies potential funding gaps. Councillors review the underlying financial, economic, service and demographic assumptions regularly.

109. The council's four-year budget for 2014–18 takes the long-term financial plan as its starting point, identifies pressures and identifies the options to achieve savings. It also takes account of structural and legislative changes, such as the integration of health and social care services and welfare reform.

110. The council's savings plans show recurring annual savings from improved procurement of £41 million by 2017/18 or, on a cumulative basis, £104 million over the period covered by the four-year 2014–18 budget. This represents the largest element of the council's overall savings plan. In March 2012, the council appointed consultants to work with officers to develop procurement savings options. The

council has also strengthened its in-house arrangements and appointed a manager in July 2012 to lead the council's procurement unit. The council has also introduced new contract standing orders and is providing training for budget holders to develop greater awareness of the options and impact of spending decisions.

111. The council has good arrangements for reviewing procurement proposals. Officers present savings plans to the monthly procurement partnership board and plans are then subject to final approval by the finance and budget committee. For example, the finance and budget committee considered the following proposals in February 2013, from which the council expects savings of £2.6 million:

- adopting the Scottish Procurement framework for the supply of IT consumables
- appointing a single supplier to manage print services
- adopting the Scotland Excel framework for the supply of school and office furniture.

112. Members and officers demonstrate a strong commitment to achieving savings through improved procurement but acknowledge that the targets are very challenging, particularly in the medium to long term. The council engaged a further firm of consultants to verify its ability to deliver the proposed savings. More recently, the council announced that this firm would be taking over the procurement improvement work from the consultants appointed in March 2012.

Managing assets

113. The council has good arrangements for property rationalisation and improvement and aims to make further savings from better management and use of assets.

114. The council has challenging targets for savings from property rationalisation, particularly from 2014/15 when it plans to achieve recurring annual savings of about £5 million. In addition, it is developing Integrated Property and Facilities Management (iPFM), an internal improvement plan for corporate property. iPFM aims to deliver savings of £30 million over seven years. An external consultant, in the role of head of corporate property, is managing the corporate function and delivery of the change programme.

115. The council is reviewing its estate to identify opportunities for consolidation and is working with public sector partners to identify opportunities to share office space. It has developed community hubs as 'one-stop shops' for services such as libraries, social work, community safety and housing.

116. Discussions are also ongoing with the Edinburgh Partnership on a collaborative framework for property asset management that aims to encourage further co-location of services. It is also discussing what services should be provided centrally and what should be provided in communities. However, these proposals are at an early stage.

Managing people

117. The council lacks a strategic approach to workforce planning. While the council has many elements of workforce planning in place it has not brought these together effectively at a council-wide level. The council acknowledges it needs to improve this, but it has made limited progress since the previous BV report.

118. The 2007 BV report found that the council had made good progress in developing its human resources strategy and in making the function more corporate in focus. However, the report also found that the council needed to develop a strategic approach to workforce planning. Despite setting up a workforce planning task group in 2009, the council still does not have a corporate workforce strategy or plan in place. The council is working to develop a new organisational development strategy, but this is at an early stage.

119. The number of people working in the council fell by 1,158 (797 full-time equivalents (FTE)) between April 2010 and March 2012, representing a reduction of 5.8 per cent in the council's workforce (5.03 per cent FTE). Of these, 302 people left through voluntary early release arrangements, while a further 102 left through voluntary and compulsory redundancies. The one-off, aggregate cost to achieve this was £13.2 million, and the council expects recurring savings of £12.9 million per annum.

120. As in other councils, staff reductions have been used to achieve savings. However, without a corporate approach to workforce planning, the council is limiting its ability to:

- understand the skills profile of the workforce and plan future staffing needs
- ensure it is not losing essential skills
- ensure it has the right people in the right posts.

121. Sickness absence rates for all staff have been improving steadily over the last three years, but there is scope for further improvement as the council was comparable with the national average at 9.3 days per employee in 2011/12. The council approved a new managing attendance procedure in August 2012 aimed at supporting managers to make further progress on absence levels.

122. The council published the results of its most recent staff survey in October 2012. It has compared the results to those of the previous survey carried out in 2009 to allow it to track progress. There was an overall response rate of 36 per cent, similar to the 35 per cent achieved in 2009. [Exhibit 13](#) sets out the main results from the 2012 survey.

123. The survey results indicate increased pride in working for the council and that staff understand service aims and objectives. However, the results also highlight some lack of confidence in senior managers. There are also indications of concerns in staff engagement in change activity and in confidence in the way change is managed. Staff have identified improved visibility of managers and listening to staff and the public as priority areas for improvement.

124. Across many of the survey areas, staff in the corporate governance and services for communities departments were more negative in their responses. This may reflect the major changes that have taken place within these two departments. The council intends addressing the findings of the staff survey, at service and corporate levels. These plans are still being developed and, as such, it is too early to assess their impact.

Exhibit 13

Staff survey results 2012

Progress on the 2009 survey:

- Pride in working for the council has increased from 44 per cent to 55 per cent.
- Staff understanding of service aims and objectives has increased from 71 per cent to 80 per cent.
- Satisfaction with working for the council has declined from 62 per cent to 58 per cent.
- 15 per cent of staff believe action was taken on the 2009 survey and 22 per cent of staff believe that action will be taken on the results of the 2012 survey.

Results from the 2012 survey:

Working for the council:

- 44 per cent of staff would recommend the council as a place to work.
- 15 per cent believe the council is a better place to work than it was a year ago.
- 48 per cent say that their personal morale is good.

Managers:

- 41 per cent believe senior managers in their service have a clear vision for the council.
- 39 per cent have confidence in the decisions made by senior managers in their service area.
- 60 per cent feel they have a say about the way they work and 50 per cent say they are involved in decisions that affect their work.

Change:

- 73 per cent understand the need for change and 67 per cent support the need for change.
- 49 per cent feel informed about changes and 45 per cent feel changes are well communicated.
- 29 per cent believe they have a say on changes that affect them and 28 per cent feel that changes are well managed.

Source: The City of Edinburgh Council; Audit Scotland

125. The council has a staff appraisal process, known as PRD (Performance Review and Development), but it needs to ensure that it uses PRD effectively across the organisation. All staff are required to complete a PRD annually but the staff survey results indicate that only 72 per cent of staff had completed one within that year. The completion rate varied between departments, ranging from 86 per cent in corporate governance to 68 per cent in health and social care. There were also wide variations in completion rates across grade groups, with poor levels of completion in manual/craft grades, at only 32 per cent. The results of the staff survey indicate that only 50 per cent of staff feel that the feedback they receive helps them to improve their performance.

126. The council introduced a 'partnership at work' agreement with the trade unions in 2012. There are early signs that the new arrangements are improving communication and that relationships are more constructive. However, the arrangements will take time to develop fully.

127. The council provides a range of training and development opportunities for its staff and it has achieved Investors in People gold status, the highest award available. The Investors in People award is an independent assessment of people management practice that councils, and other organisations, can choose to complete.

128. The council monitors the percentage of its top earning employees who are female. There has been a steady increase in the percentage of females in both the top two per cent and five per cent of earners and the council compares well to other councils.

ICT

129. The council is aware of the urgent need to improve ICT. It is currently strengthening its management of ICT to get better value from its contract with an external supplier and to ensure that its ICT is sufficient to support the improvements it is pursuing.

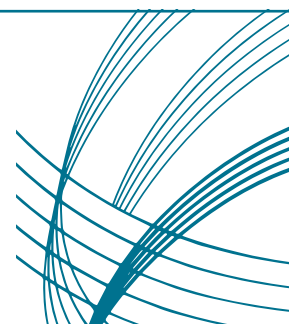
130. In 2001, the council entered a ten-year partnership with an external contractor to manage and modernise ICT. In 2008, the council extended the contract to 2016. It is clear from discussions with senior officers and other staff that the current ICT arrangements do not effectively meet business needs. Staff say they are not receiving the required level of support and assistance, equipment is outdated and unreliable, and systems are incompatible.

131. The council is developing a new ICT strategy, strengthening ICT governance and management and refreshing its ICT infrastructure to overcome these issues and to achieve better value from the ICT contract. An external consultant is managing and supporting these activities. The council plans to involve staff to ensure the strategy focuses on users' needs. Officers report that the strategy is on track for completion by summer 2013 and the council is receiving regular updates on progress.

132. The council recognises that investment in ICT is required and has allocated £7.5 million for ICT improvements in its 2013/14 budget. Although progress has been made in recent months, a greater pace of improvement in ICT is critical if the council is to achieve its programme of change and service improvement.

Part 7

Prospects for future improvement



Strong leadership has increased the pace of improvement in the council, particularly over the past year. The chief executive has had a significant influence on change and improvement. There is a strong level of self-awareness among councillors and senior officers of what the council needs to do to meet the challenges it faces.

It is too early to assess the full effectiveness of the council's ambitious and wide-ranging improvement programme. We assess the council's prospects for future improvement as 'fair'. However, it is likely to enhance these prospects if it sustains the recent momentum for change and is successful in achieving its savings plans, more effective workforce planning and better ICT. The council also needs to ensure it has the right level of skills and capacity in place to support improvement.

Does the council have the leadership capacity and capability to deliver improvements?

133. The council has strengthened its leadership and as a result the pace of change has increased considerably, particularly in the past year. Changes in managerial leadership have been central to this and clear leadership from councillors has facilitated it. There is a common understanding among councillors and officers that the council needs to improve further if it is to meet the financial and service challenges it faces.

Management leadership

134. There have been considerable changes in management in recent years ([Exhibit 14](#)). At the time of the first BV audit in 2007, there were seven departments. The CMT now consists of the chief executive and four directors covering: corporate governance; services for communities; health and social care; and children and families. The chief financial officer and senior officers with responsibilities for communications, organisational development and economic development also attend the CMT meetings. Other officers attend meetings as required.

135. The chief executive has provided strong leadership since she took up post in January 2011. Initially her main focus was to resolve long-running disputes associated with the tram project. Councillors, officers and partners hold the chief executive's leadership in high regard and it is clear she has been central in the positive shift in culture that is becoming more evident in the council.

136. The CMT works well together and, with the chief executive's leadership, continues to develop a more corporate and strategic approach that focuses on achieving improved outcomes for communities, rather than individual departmental objectives.

Exhibit 14**Senior management changes since January 2011**

| | |
|----------------------------|--|
| January 2011 | Chief executive takes up post. |
| March 2011 | The property conservation service transfers from city development to services for communities. |
| April and June 2011 | The directors of the corporate services and finance departments retire. |
| June 2011 | The council approves a new corporate management structure, including the merger of finance and corporate services into a new corporate governance department. |
| September 2011 | The council appoints the director of corporate governance. |
| December 2011 | The council approves a review of service alignment across departments. Changes include transport, planning and property services transferring (from city development) and significant trading organisations (from corporate governance) to services for communities. |
| February 2012 | The policy and strategy committee approves the new management structure for the corporate governance department. |
| November 2012 | The director of city development resigns. |
| April 2013 | Further changes to the corporate governance department are agreed. The post of head of policy and public affairs is deleted. Functions are realigned within the department. The external relations function is transferred to economic development. |

Source: Audit Scotland

137. CMT members are heavily involved in the change programme. They face challenges in leading change while at the same time dealing with the pressures in their service areas. For example, the director of services for communities has had to take forward a range of projects following the council's decision not to proceed with ABM. He now also oversees the statutory repairs service and, more recently, has had to deal with concerns about practices at the Mortonhall crematorium. Following consideration in January 2013 by the transport and environment committee of the initial findings of the council's Mortonhall crematorium investigation, the committee agreed to commission an independent expert to lead and direct a further investigation.

138. The CMT is aware of these pressures and in response is developing a 'distributed leadership' approach as part of the wider changes within the council. This approach includes the extended CMT, which involves heads of services and

the CMT. The extended CMT provides more capacity at senior officer level and helps reinforce the vision for the future and build confidence among staff in the decisions made by senior managers, both of which were highlighted as areas for action in the 2012 staff survey.

Political leadership

139. Following the May 2012 elections the Labour and SNP groups agreed to work together in a coalition administration. The coalition councillors work well together and there is an effective working relationship between the leader (Labour) and the deputy leader (SNP). The coalition has set out a clear vision and objectives with a strong focus on improving outcomes. The coalition has also adopted an open approach to business demonstrated, for example, by its commitment to publish information about its progress in achieving its policy pledges.

140. There are constructive and effective working relationships across political parties. Councillors from all parties are strongly committed to restoring public confidence in the council, and the council's reputation more generally. There is a common understanding that the council needs to build public trust and confidence if it is to achieve its plans for the city.

141. Working relations between councillors and officers are good, with evidence of a clear understanding of respective roles and responsibilities. It is clear that councillors determine policy and priorities and scrutinise delivery and performance. Councillors engage well with officers. They take a keen interest in services and outcomes and demonstrate a good understanding of the most significant council-wide issues as well as their specific areas of committee responsibility.

Governance, scrutiny and challenge

142. The council set up new political governance arrangements in October 2012. It is too early to assess their effectiveness but the early indications are positive. The new arrangements have good potential to support engagement, transparency and scrutiny.

143. The committee structure ([Exhibit 2](#)) includes a corporate policy and strategy committee and seven executive decision-making committees each with a subcommittee to allow time for policy development and scrutiny. Councillors challenge officers and other councillors and the quality and depth of questioning is good.

144. The governance, risk and best value committee replaced the audit committee in the new structure. It has a broader remit that includes specific responsibilities for organisation-wide risk and performance management. A senior councillor from the opposition chairs the new committee.

145. The new petitions committee has potential to improve community engagement in council business but it is too early to assess its impact. The committee first met in December 2012 and considered a petition on public transport in Kirkliston. It decided to refer the matter to the transport and environment committee.

146. The new arrangements also include meetings designed to promote inclusivity and transparency in the political process. Leaders' meetings and committee agenda-setting meetings are open to opposition parties and

councillors from all parties welcome this approach. Although there are no indications of this to date, the council needs to ensure that these positive steps to improve cross-party working do not become informal decision-making forums. If this were to be the case, it would detract from the coalition's aims of improving public accountability and transparency.

147. There are weaknesses in risk management. Officers acknowledge the need for improvement and are implementing changes to strengthen the position. Early in 2012, the council commissioned an external assessment of risk management. This concluded that risk management practices were operating at a basic level and that improvement was required across the council. In November 2012, the governance, risk and best value committee approved a new risk management policy and strategy and the council is committed to reviewing progress.

148. Internal audit is an important element of the council's risk management arrangements. Following the retirement of the chief internal auditor in July 2012, a firm of accountants works in partnership with council staff to deliver the internal audit and risk management function. This arrangement aims to transfer skills from the external partner to the council so that the council can revert to an in-house service at the end of the contract in 2016. Internal audit reports to the director of corporate governance and the governance, risk and best value committee oversees internal audit activity.

Performance management

149. The council has effective performance management arrangements. It has become more outcome focused and has worked to address inconsistencies in its arrangements, both of which were identified as areas for improvement in the 2007 BV report. The council's performance framework will take time to bed in and the council needs to make sure that service planning arrangements support the new framework.

150. The council approved a new performance framework in October 2012. It brings together the council's priorities from its capital coalition pledges, its strategic plan and the SOA with a clear focus on outcomes. Staff awareness of the new framework is developing, particularly for those in corporate roles. The council now needs to widen this awareness so that staff not based in main offices or who do not have regular Internet and email access become familiar with the new framework.

151. All services also have a performance manager to support the process. As part of the restructuring of the corporate governance department, the council created a new business intelligence unit. The unit brings together staff engaged in a range of research, information and performance work across the council and aims to promote a corporate focus and consistency. The CMT now receives monthly performance reports on all directorates, whereas previously it considered reports every two months.

152. Councillors show a strong interest in performance information and ask challenging questions. Under the new committee structure, service performance is reported to the relevant executive committee, with more detailed information provided to the policy development and review subcommittees. The corporate policy and strategy committee considers council-wide performance reports and the work programme for the governance, risk and best value committee includes a performance-focused session at every third meeting.

153. The standard of reports for council and committees is generally good although there is scope to improve consistency. Councillors have requested clearer terminology and better presentation of information to help give a clearer picture on performance and trends. Officers are making good progress in improving reports.

154. The council produces a good annual public performance report. The report brings together information on financial performance, progress against outcomes and information from customer satisfaction and scrutiny activity. It also has a performance page on its website that provides links to performance reports, financial reports and survey findings.

155. The council uses benchmarking in its public performance report and in other reports such as its statutory performance indicator report. It uses family groupings²¹ to compare its position with other councils. It also uses customer satisfaction information as part of its performance measures, both at service and council-wide level.

Is the council aware of where it needs to make improvements and is it committed to change?

156. There is a strong level of self-awareness among councillors and senior officers of what the council needs to do to meet the financial and service challenges it faces. The council is taking steps to improve in these areas but it is too early to assess the impact of actions taken over the past six to twelve months.

157. The council has an ambitious and wide-ranging improvement programme that is set out in its transformation change plan ([Exhibit 15](#)). Within this, each member of the CMT has responsibility for one of the corporate priority areas and for related strategies, plans and projects.

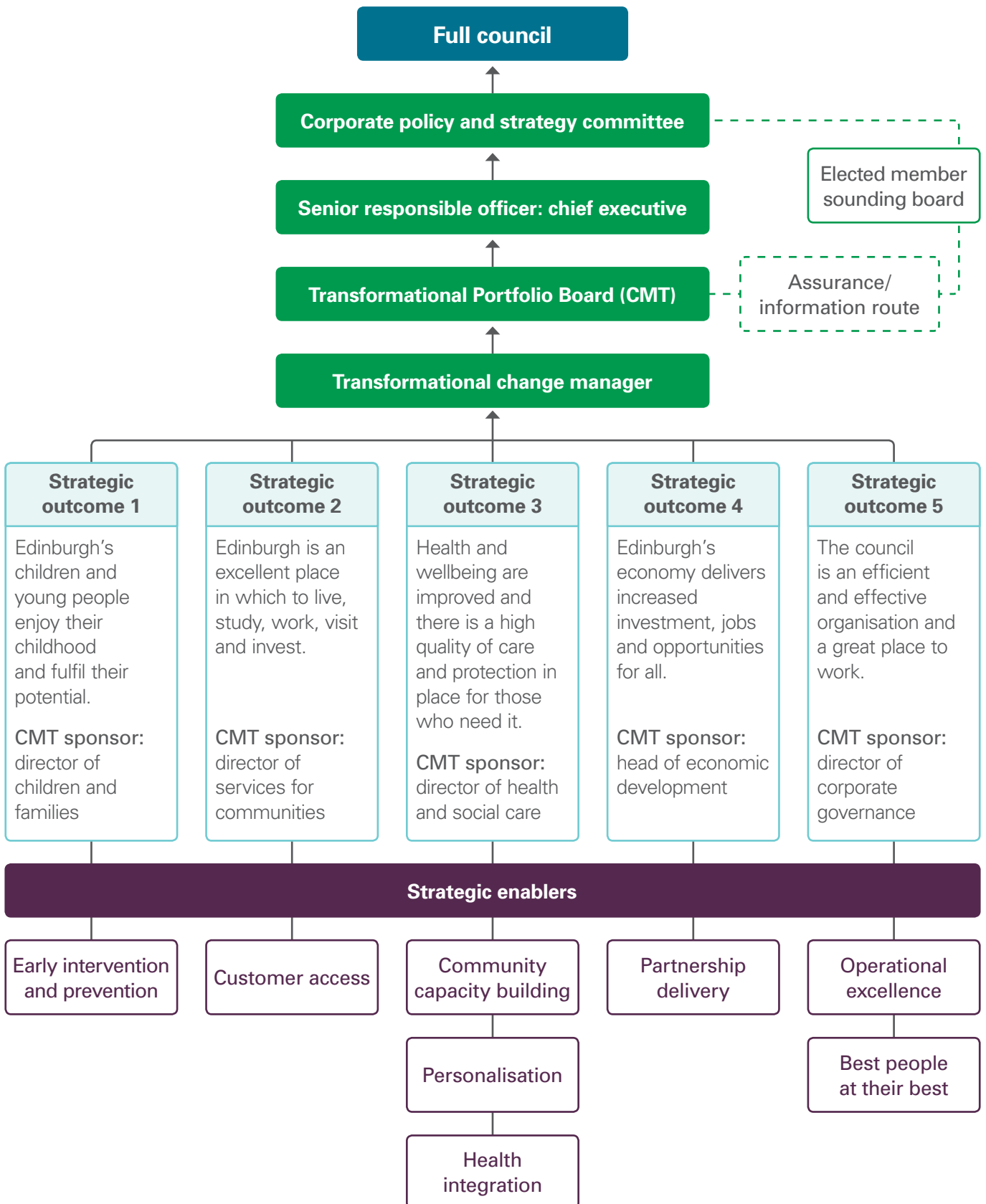
158. There is also a wide range of interrelated improvement work that is not directly part of the transformation change plan. For example, the council has set up development programmes in services following its decision not to proceed with the ABM ([Exhibit 11](#)).

159. The council recognises the need for effective overview of all of this work and, as part of its response, it launched a Corporate Programme Office (CPO) in January 2013. Its purpose is to provide oversight and coordinate the resources for reviews, change programmes and strategic projects.

160. The principle of the CPO is sound but it is important that it is fully functional quickly and develops good relationships with services. The council needs to ensure there is effective communication about the CPO to staff across services. Some staff who we spoke to during the audit did not have a clear understanding of the purpose of the CPO and how it will operate in practice.

161. The CPO needs to establish its position and ensure it can secure the skills and capacity to fulfil its role successfully. However, at the time of the audit, the council was also unable to demonstrate how and when it will fully staff the CPO. The council is investing in training to increase change management skills. However, there is a risk that the skills and experience needed are not in place to match the council's ambitions for improvement and pace of change.

Exhibit 15
Transformation change plan



162. The council identified the need for specialist skills to support key areas that are central to achieving savings and sustaining improvement. For example, it has brought in external contractors and consultants to provide immediate capacity in ICT and procurement. This has allowed the council quickly to direct specific knowledge and experience to support critical work. It also gives the council more flexibility in reducing or replacing these specialists as the work and priorities change. However, the council needs to do more to demonstrate value for money and sustainability from these arrangements over a longer period of change.

163. Councillors and senior management are very aware of the importance of achieving the change in organisational culture necessary to deliver the change programme. The council needs to do more to ensure that it communicates this across the organisation. This was confirmed by the 2012 staff survey which highlights that, although support for change is higher than it was in 2009, only 28 per cent of staff feel change is well managed and only 29 per cent feel they have a say on changes that affect them.

164. The cross-section of officers and managers that we spoke to during the audit generally welcomed the changes taking place. They recognised a positive shift in culture since the chief executive came into post but indicated that empowerment and engagement varied across services. They showed commitment to and pride in the services they deliver but recognised the strain on morale from the high-profile problems the council has had to deal with in recent years.

165. There are some good examples of communication with staff. This included face-to-face sessions with managers and staff of the corporate governance department to explain the corporate vision, changes to the management structure and priorities for the department. This was a good approach given it is a new department and the significant changes for staff working in it.

166. However, overall, staff provided mixed views on communication of change with those working outwith headquarters saying that methods for disseminating information are not effective. A better understanding is required of the most appropriate approach to communications, particularly in services where change is ongoing and staff feel vulnerable.

167. The corporate plan includes the need to develop a communications plan. However, there have been further changes in the team responsible for communications that may delay the development and implementation of this work. The council needs to prioritise communication to ensure that staff have a more consistent understanding of the improvement work. This will also help address staff uncertainties associated with wide-ranging change.

Endnotes



- ◀ 1 [*The City of Edinburgh Council: The Audit of Best Value and Community Planning*](#), Audit Scotland, February 2007
- ◀ 2 [*City of Edinburgh Council Assurance and Improvement Plan: Update 2012–15*](#), Audit Scotland, May 2012
- ◀ 3 [*City of Edinburgh Council: Annual report on the 2011/12 audit*](#), Audit Scotland, November 2012
- ◀ 4 Report by the Controller of Audit to the Accounts Commission under Section 102(1) of the Local Government (Scotland) Act 1973 – [*City of Edinburgh Council: Annual report on the 2011/12 audit*](#), Audit Scotland, November 2012
- ◀ 5 General Register Office of Scotland.
- ◀ 6 Office for National Statistics.
- ◀ 7 Scottish Indices of Multiple Deprivation (SIMD), 2012.
- ◀ 8 Scottish Government Provision Outturn and Budget Estimates 2012.
- ◀ 9 This measure is often referred to as gross value added (GVA) and is a measure of the economic contribution of the production of goods and services in a specific area.
- ◀ 10 www.scswis.com
- ◀ 11 Data is available for the period 2002/03 to 2010/11 for S4 and for 2004/05 to 2010/11 for S5 and S6. Based on average SQA tariff scores.
- ◀ 12 Data is available for the period 2007/08 to 2010/11. Based on average SQA tariff scores.
- ◀ 13 The most recent data for life expectancy at birth is for 2008–10.
- ◀ 14 Deaths in people under the age of 75, shown as a rate per 100,000 population.
- ◀ 15 www.scswis.com
- ◀ 16 Typically outdoor fires in heathland, rubbish bins or derelict buildings.
- ◀ 17 The findings of this activity were reported directly to the council and not published by SHR. The council considered the findings at its health, wellbeing and housing committee on 29/01/13.
- ◀ 18 Convention of Scottish Local Authorities.
- ◀ 19 Department for Work and Pensions.
- ◀ 20 Reported on 24 April 2013 to the finance and budget committee, policy development and review subcommittee.
- ◀ 21 Family groupings are groups of councils that share similar characteristics, such as geographic size, levels of deprivation, or population density. Using family groupings can provide helpful comparisons by taking into account the wider context of the council's performance.

Appendix

Judgement descriptions



The BV audit provides two overall judgements on council performance. One assesses how well the council is performing and the other covers the council's prospects for improvement. The judgements are based on standard descriptors as shown in the following table. **The highlighted text** indicates the audit assessment for The City of Edinburgh Council.

| How good is my council's overall performance? | | | |
|---|--|--|--|
| Unsatisfactory | Satisfactory | Good | Outstanding |
| Improving outcomes and addressing complex cross-cutting issues with partners | | | |
| The council has a poor track record in delivering improved outcomes for the area with its partners, and addressing key cross-cutting issues such as community safety, health improvement, equalities, and sustainability. | Progress towards key strategic outcomes is mixed, with improved progress required in a number of important outcome areas. Systematic evidence of the impact of partnership working is not available. | Consistent progress is being made towards the majority of key strategic outcomes. However, some improvements are still required in a number of outcome areas and there is scope to further align partnership working with key strategic priorities. | The council is able to consistently demonstrate considerable success in delivering complex cross-cutting strategic local issues and improving outcomes with partners. Consistent progress is being made towards almost all key strategic outcomes. Limited improvements are required. |
| The quality of local service | | | |
| The overall quality of council services is consistently below the national average. Many services, including one or more key services (education, social work, or housing) require significant or urgent improvement. | Overall service performance is mixed. Whilst some services are performing well several services, or significant aspects of services, require important improvements to be achieved. | Many council services are performing consistently well and demonstrating continuous improvement. Whilst some further improvements are required, all key services are performing well. | Most of the council services are recognised as performing at the highest level. All key services can demonstrate strong and consistent improvement. |
| The views of citizens and service users | | | |
| Overall satisfaction with the council and its services is consistently below the national average. Overall satisfaction trends are static or falling. Arrangements for consulting with local people and users of services are patchy and underdeveloped and the council cannot demonstrate that consultation is influencing decision-making and service improvement. | Overall satisfaction with the council and its services is mixed, with a significant number of services, or important aspects of services, below the national average. Overall satisfaction trends are improving slowly. The council has introduced arrangements for consulting with local people and users of services but these are not applied consistently throughout the organisation. Whilst there are some examples of this 'making a difference' within departments systematic evidence of impact is not yet available. | Overall satisfaction with the council and its services is generally above the national average, with overall satisfaction trends that are improving well. Arrangements for consulting with local people and users of services are well developed. There is good evidence that consultation and engagement is taken seriously across the organisation with good systematic evidence available on its impact. | Overall satisfaction with the council and its services is consistently above the national average for most aspects of performance, with overall satisfaction trends that are improving quickly. The council has comprehensive and well-coordinated arrangements for consulting with local people and users of services and is able to demonstrate that their views are influencing strategic priorities and shaping service improvements. |
| The council's progress in delivering on its improvement agenda (including VFM) | | | |
| There is limited evidence that the council knows where improvements are required and is able to secure improvement in service performance. It cannot demonstrate improvement in VFM. | Whilst some services are improving the pace of change has been slow and the council has been unable to systematically transfer service improvements from one service to another and secure systematic improvements in VFM. | The council knows where improvements are required and can demonstrate a systematic and effective approach to securing improvements across all services (including VFM). Improvements are implemented quickly, and with little slippage. | The council is able to demonstrate that it is effectively managing performance improvements in line with its strategic priorities, across services, and in partnership with others, and it can demonstrate systematic and significant improvements in VFM. |

What are my council's prospects for future improvement?

Poor prospects

Fair prospects

Good prospects

Excellent prospects

Leadership capacity and organisational commitment to change

The council does not have the leadership and management arrangements needed to deliver on its ambitions. Governance is weak and developing its political and managerial ability to tackle the council's problems is a key priority for the council.

The council needs to improve its leadership and managerial impact to deliver on its ambitions. There are some weaknesses in the governance arrangements and **it is unable to demonstrate that it currently has the organisational commitment and capacity to secure change and improved outcomes.**

The council has effective political and managerial leadership supported by good governance arrangements. It is committed to continuous improvement, focused on what matters to local people, and is securing improved outcomes.

The council has highly effective political and managerial leadership supported by strong and effective governance arrangements. It has ambitious plans for the areas and a strong focus on continuous improvement. It has the organisational commitment and capacity to secure change and improved outcomes.

Partnership working

The council has not yet established a shared vision for the area with its partners, supported by sound governance arrangements and the resources needed to deliver key priorities.

Whilst the council has established a shared vision for the area with its partners, **there is not a consistent sense of ownership from the partnership's leaders and improvements are needed in governance and resource alignment.**

Leaders of the partnership articulate a clear and consistent shared vision and sense of purpose for the partnership and the improvements it is trying to achieve for the area and effective governance and resource alignment arrangements are in place.

Leaders of the partnership actively promote and communicate the shared vision and sense of purpose of the partnership and the improvements it is trying to achieve for the area. They can demonstrate – and are committed to – ensuring that the shared vision for the area impacts on their own organisation and partnership activity.

Staff understanding of and commitment to improvement

There is very limited staff understanding of and commitment to continuous improvement and the council's improvement agenda.

Staff understanding of and commitment to continuous improvement and the council's improvement agenda is developing.

There is widespread staff understanding of and commitment to continuous improvement and the council's improvement agenda.

There is very strong staff understanding of and commitment to continuous improvement and the council's improvement agenda.

Effectiveness of resource planning and performance management (including member scrutiny)

The council lacks awareness of where it needs to make improvements and is not able to secure improvement in service performance as a consequence of ineffective performance management arrangements and weak scrutiny and challenge. Resources are not used to best effect.

Whilst the council is aware of where it needs to make improvements, it lacks a systematic approach to securing improvement. Scrutiny and challenge is patchy. **The council lacks a systematic process for directing resources to key priority areas** and securing improved VFM.

The council is aware of where it needs to make improvements, and has a systematic approach to securing improvement. Scrutiny and challenge is well developed.

It has a systematic process for directing resources to key priority areas and securing improved VFM, but cannot yet demonstrate consistently improved outcomes.

The council is aware of where it needs to make improvements, and has a systematic approach to securing improvement. Scrutiny and challenge is highly effective. the council has a systematic process for directing resources to key priority areas and can demonstrate consistently improved outcomes.

The City of Edinburgh Council

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