

Best Value 2 pathfinder audit

Dundee City Council



Prepared for the Accounts Commission
March 2010

The Accounts Commission

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

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

The Commission secures the audit of 32 councils and 44 joint boards and committees (including police and fire and rescue services).

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

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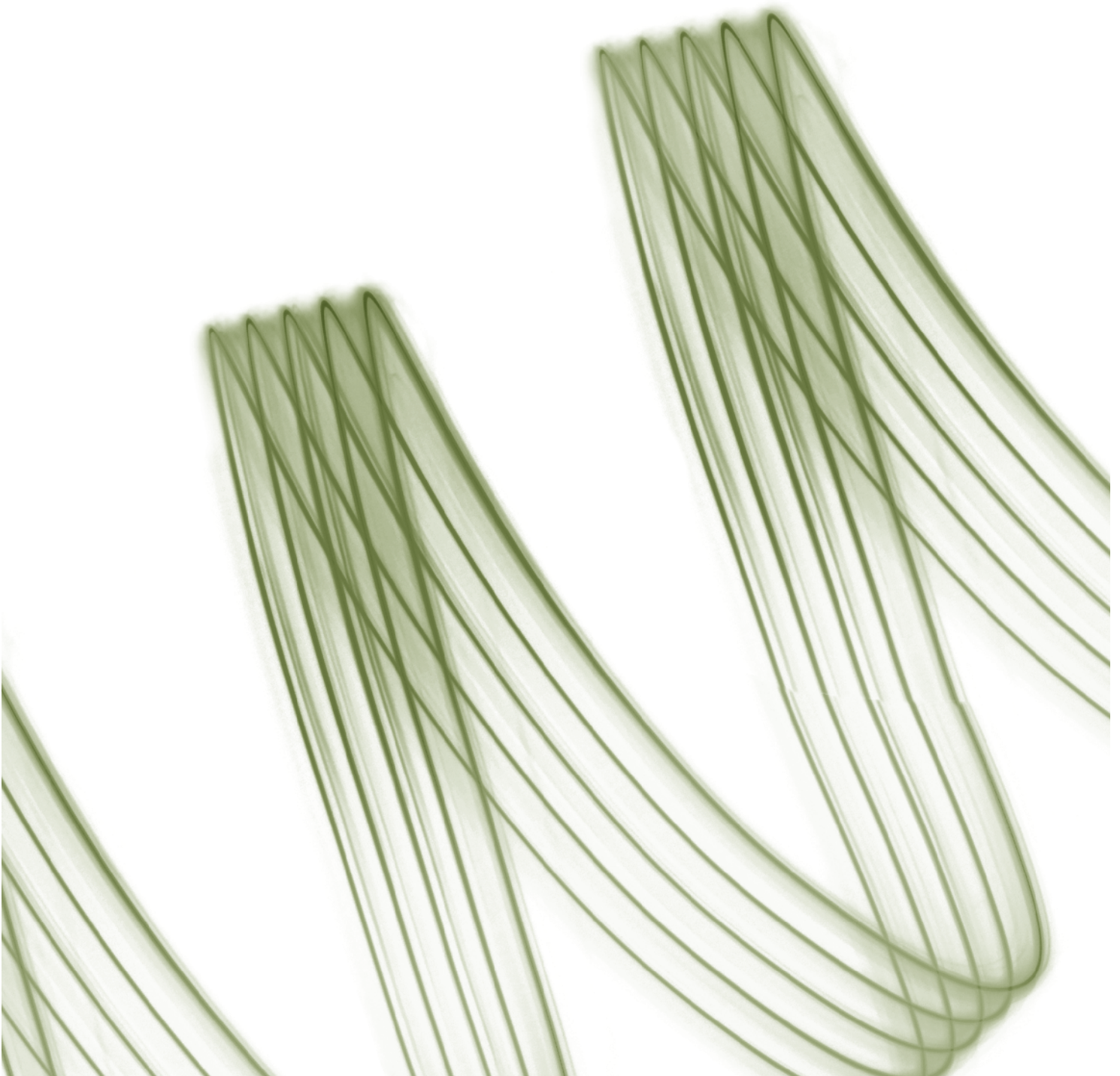
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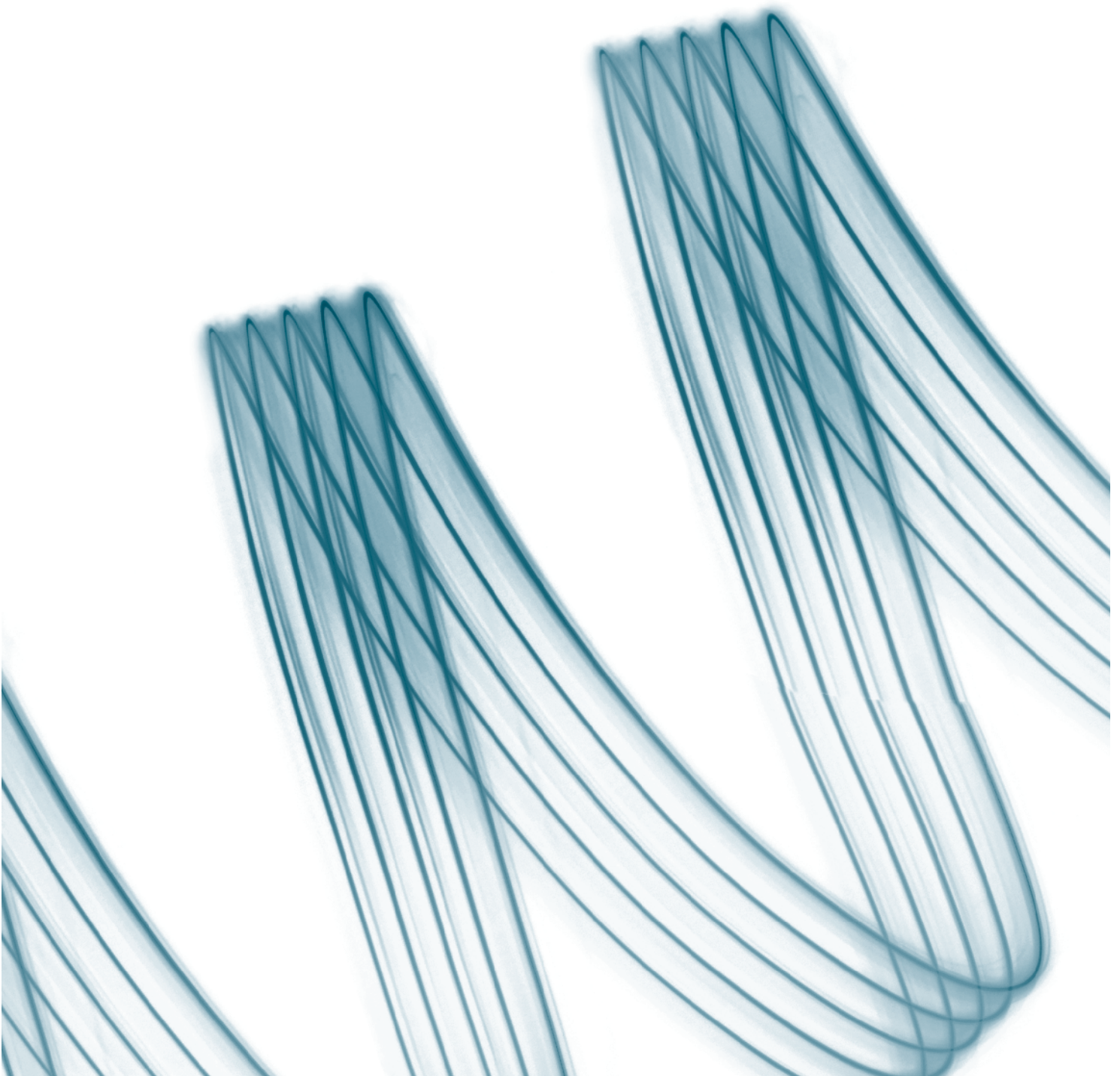
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Commission findings



- 1.** The Accounts Commission accepts this report from the Controller of Audit on Dundee City Council's performance of its statutory duties on Best Value And Community Planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the council needs to improve more quickly and has fair prospects for future improvement.
- 2.** The Commission gratefully acknowledges the co-operation provided to the audit team by the leader, elected members, chief executive and other officers of the council and its community planning partners, in particular for their constructive approach to being a Pathfinder Best Value 2 area. The Commission also gratefully acknowledges that this report arises from work conducted in close co-operation with colleagues from local government inspectorates.
- 3.** Dundee faces significant demographic, economic and social challenges. The council and its partners have a clear and ambitious vision which is rooted in the needs of the local community. They are making progress against these clear objectives.
- 4.** There are effective working relationships between community planning partners within the council area, which is having a positive impact on the quality of services. Elected members, however, need to increase their leadership of community planning at a strategic level.
- 5.** The Commission welcomes evidence of general improvement in overall service performance since the original Best Value audit in 2005 – for example, in tackling poor educational attainment, improving council tax collection, reducing crime and promoting broader economic development. There has also been an increase in citizen satisfaction levels.
- 6.** There have been significant concerns about some important service areas, particularly housing and child protection services. The Commission acknowledges that these have been subject to reports by the relevant inspectorates, and recognises that the council and its partners are addressing these issues as a matter of priority.
- 7.** Where improvement has not been stimulated by external inspection, change has been too slow. There is a significant risk that the recession and tight public finances will affect the council's ability to sustain improvement. An incremental approach to efficiency in the use of resources will not be sufficient to meet future challenges. The council's tight central control of resources and high level of managerial accountability need, therefore, to be matched by a more effective embedding of continuous improvement across the council and continued development of performance management arrangements. This has to be delivered across and for the benefit of the whole council.
- 8.** The council needs to develop more robust use of options appraisal and benchmarking, both internally and externally. It needs to strengthen corporate working to ensure that best practice is identified and shared within the council. It also needs to look outwards for comparison and to consider the scope for alternative approaches.
- 9.** We welcome the positive effect that the recently-appointed chief executive has had on leadership. There are encouraging early signs which we hope will result in significant development of the council's capacity to secure continuous improvement.
- 10.** In our 2005 findings we expressed concern that the arrangement for all elected members to sit on every committee makes the independence of view essential to the scrutiny process difficult, if not impossible, to achieve. We are concerned to note that there has been little progress on this. It is essential that elected members now develop their strategic leadership and scrutiny of decision-making and performance in order to drive the most efficient and effective delivery of services and attainment of best value.
- 11.** The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of Dundee City Council for the next three years. We look forward to seeing evidence of continuing development in the council and of improvement in the key areas identified in this report.

Part 1. What is the BV2 audit?



Best Value 2

1. The statutory duty of Best Value in local government was introduced in the Local Government in Scotland Act 2003. In response, the Accounts Commission consulted on, and implemented, the audit of Best Value and Community Planning. Best Value audit reports have now been published on all 32 councils in Scotland.

2. Best Value 2 (BV2) is the next phase of Best Value audit. It is carried out and reported under the same legislative framework, but the approach has moved on significantly from the 32 baseline audits. In particular, BV2 audits are:

- more proportionate and risk based, reflecting more closely the particular issues faced by individual councils and their partners
- founded on a shared risk assessment process, conducted with colleagues from other local government inspectorates, particularly Her Majesty's Inspectorate of Education (HMIE), the Social Work Inspection Agency (SWIA), the Scottish Housing Regulator (SHR) and the Care Commission
- more focused on impact and outcomes, and the difference the council and its partners are making for local communities
- designed to provide a more rounded view of partnership working in a local area, and the difference it is making.

3. BV2 is an important part of the wider scrutiny arrangements in councils in Scotland. Audit Scotland is continuing to work closely with other inspectorates to undertake a shared risk assessment process for all 32 local authorities, which will result in each council receiving an Assurance and Improvement Plan (AIP). The AIP will set out the scrutiny activity

that the council can expect to take place over a three-year period, from April 2010.

4. After consulting on its proposals for BV2, the Accounts Commission asked Audit Scotland to develop the BV2 audit in a number of pathfinder sites. These will frame how the rest of the BV2 audits should develop.

5. The Accounts Commission chose five councils to act as 'pathfinder' audits to test various aspects of its proposed approach to BV2. Five councils were chosen as pathfinders which provide a mix of geography, size and urban/rural mix, namely:

- Angus Council
- Dundee City Council
- East Ayrshire Council
- The Highland Council
- Scottish Borders Council.

6. The Accounts Commission is currently evaluating the BV2 pathfinder process and will be using the findings to refine the audit process before rolling out BV2 later in 2010. We would like to thank the council for the constructive approach it adopted to being a BV2 pathfinder audit site.

Shared risk assessment

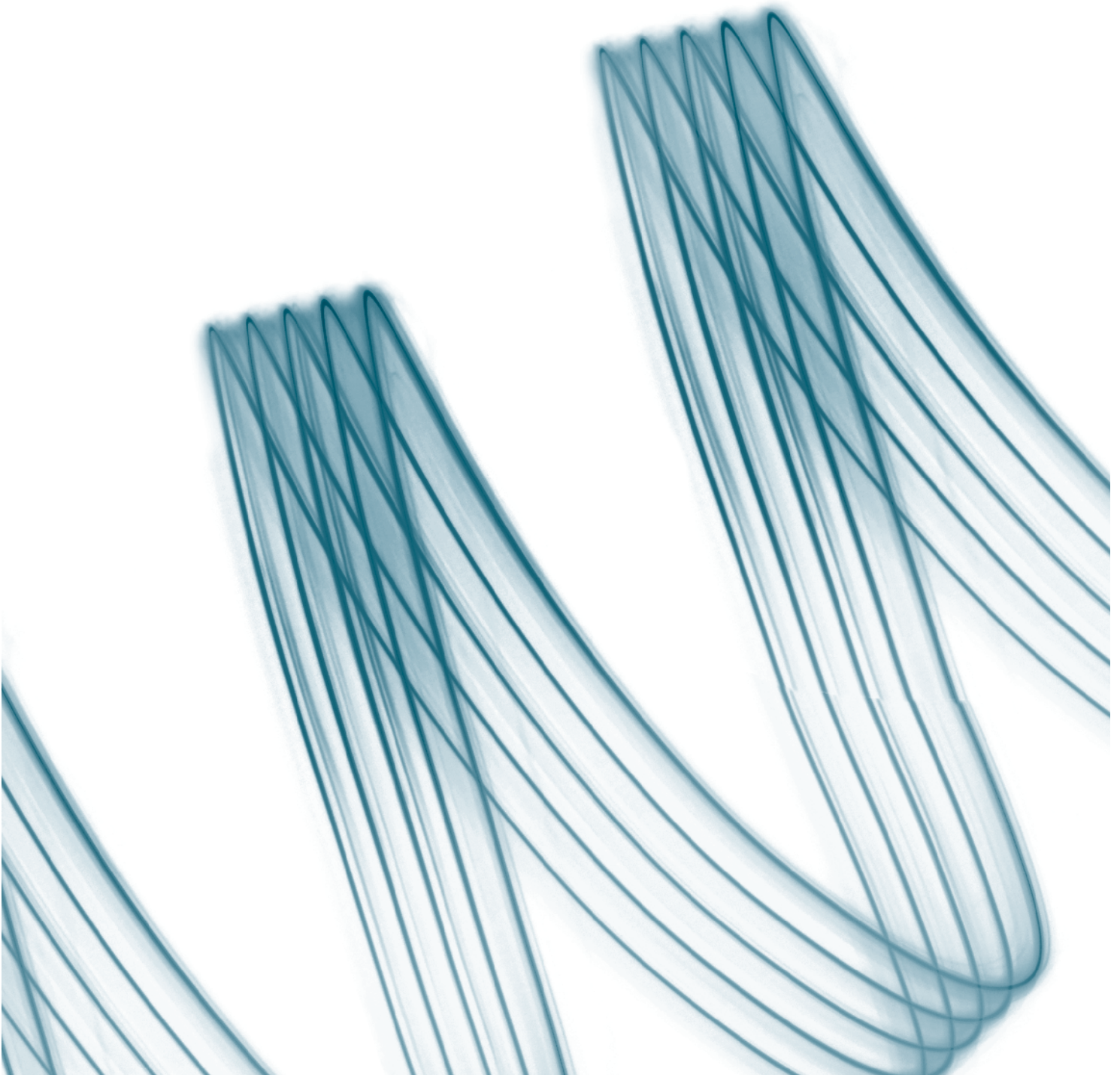
7. In order to shape the scope of the BV2 audit, we have worked closely with inspectorates to undertake a shared risk assessment of Dundee City Council. This exercise ensured that our Best Value audit approach was proportionate and risk based, focusing on the areas where the audit process can add most value. The council's own approach to self-evaluation was an important part of this process. The shared risk assessment exercise, which was conducted in June and July 2009, will be revisited and refreshed in early 2010 as part of the roll out of the

shared risk assessment process to all 32 councils in Scotland. Working in partnership with other scrutiny bodies the issues arising from this report, and other audit and inspection activity, will be fed into the council's AIP, due to be completed in April 2010.

8. Having undertaken the risk assessment for the BV2 audit, we were able to restrict the scope of our work in Dundee City Council. The main reasons for this were:

- In advance of our audit, Dundee City Council completed a self-evaluation which showed a good awareness of key areas where it performs well and where it needs to improve.
- Key services, such as education, housing, and child protection, have recently been the subject of external inspections.
- In areas where the risk assessment did throw up some concerns we have reviewed progress with the relevant inspectorates as part of the shared risk assessment process undertaken in early 2010. HMIE also carried out a follow-up inspection of the provision of child protection services in late 2009.
- We were able to draw on existing audit work. The Audit Scotland external audit team submitted the final audit report for 2008/09 to elected members and the Controller of Audit in October 2009, covering many aspects relevant to this audit of Best Value. This followed previous reports on aspects of the council's arrangements and performance.

Part 2. Summary performance assessment



Dundee faces significant challenges: a falling population, an economy that has been in decline, contributing to high levels of deprivation and social and health inequality. The council and its partners have a clear and ambitious vision for tackling these issues and are making progress against many of their objectives for the city. These plans are based on a sound approach to community engagement and a good understanding of the needs and concerns of local people.

While there are some gaps in the monitoring information that is available, it is clear that, in a period of modest rises in its resources, there has been a general improvement in the performance of its services over the past five years. However, this improvement has not been consistent in all services, with significant concerns raised about housing and child protection services within Dundee.

Member scrutiny of decision-making and performance needs to improve. The council is aware of where it needs to improve its ways of working, but progress in some areas has been too slow. It has managed its resources prudently over recent years and has made some efficiency savings. However, this incremental approach will not be sufficient to meet the significant financial challenges that lie ahead for all public services. In the face of significant reductions that are expected in available resources, elected members and officers will be required to take difficult decisions in future to ensure services and outcomes are delivered for local communities.

Summary conclusions

9. The BV2 performance assessment provides judgements on two dimensions of council performance: the pace and direction of change, and prospects for future improvement. Descriptions of each category can be found at [Appendix 1](#).

10. Dundee City Council **needs to improve more quickly.** In particular:

- There is evidence of progress against the strategic priorities agreed by the council and its partners. Some progress has been made in tackling poor educational attainment, developing a more broadly based knowledge economy for Dundee, improving the built environment and reducing crime. However, success in reducing health and significant social inequality has been more limited. The council needs to do more to promote equalities in its services and within the council itself.
- There has been general improvement in overall service performance, as measured by available indicators. This has been coupled with good and increasing customer and resident satisfaction. This has been achieved from a modest real terms rise in the resources applied each year by the council.
- However, not all key services have been performing well. Significant concerns have been raised about housing and child protection services within Dundee. The council and its partners are addressing these issues as a matter of priority, but there remains considerable work to be done before plans for improvement are fully implemented.

11. The council has **fair prospects for future improvement.** In particular:

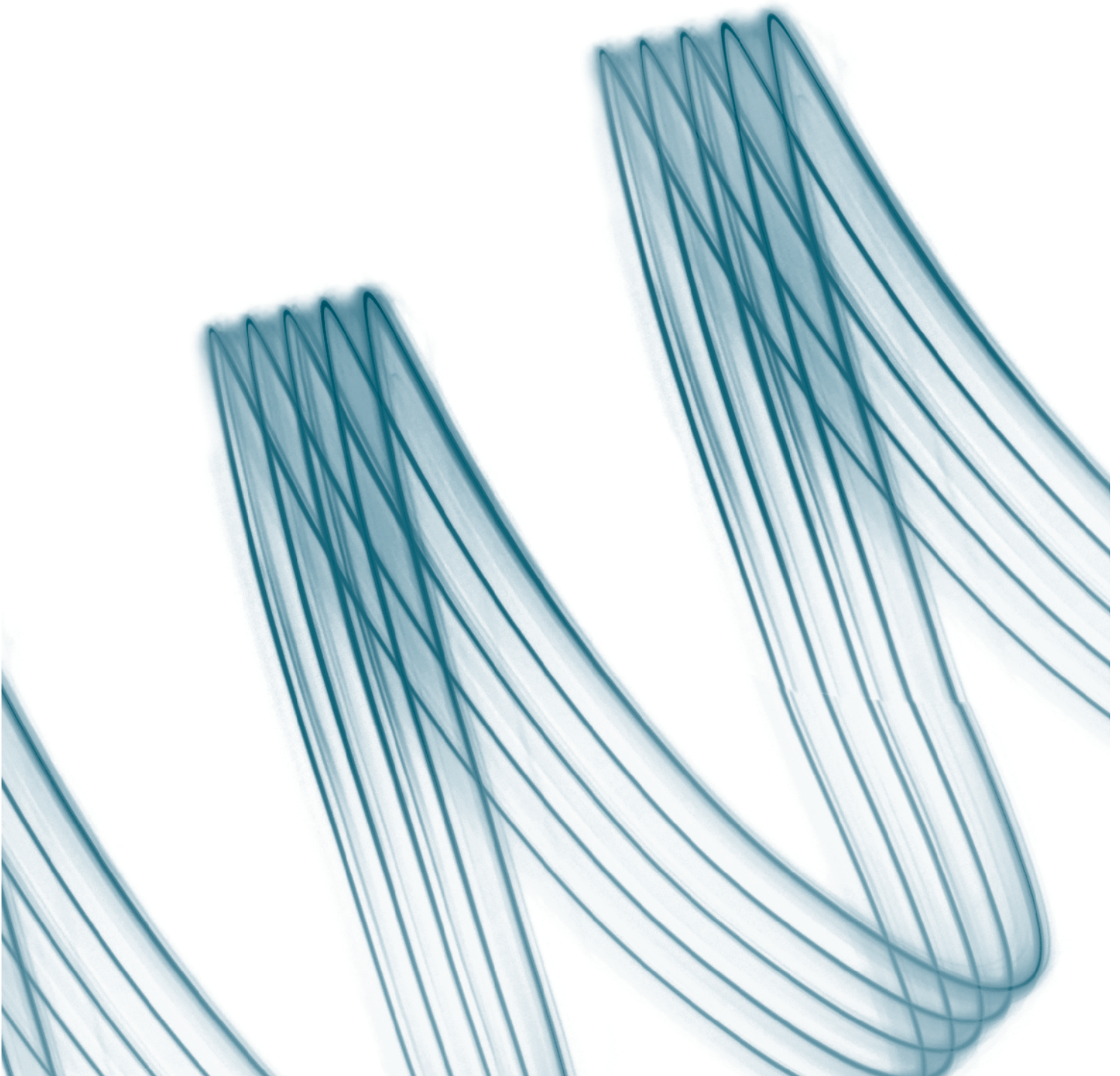
- The council and its partners have a clear vision for the area, based on a sound approach to community engagement and a good understanding of the needs and concerns of local people.
- The council is generally aware of where it needs to improve its ways of working and has implemented some improvements.
- Much of the improvement that has been made to ways of working has been in response to external pressure (such as inspection). In some important areas where the council has identified a long-standing need to improve its arrangements there has been insufficient commitment or capacity and the pace of change has been too slow.
- There are strong relationships among partner organisations in Dundee, with many examples of effective joint working on projects having a positive impact on the quality of the services being delivered. There have been problems in more complex operational areas, where roles and responsibilities are confused.
- Partnership working at a strategic level requires to be strengthened. The introduction of the Single Outcome Agreement (SOA) has helped the partners to begin to address this.
- The leadership of the council has adopted a prudent, incremental approach to improvement, underpinned by strong central control of resources and high levels of managerial accountability. This has been effective in driving up performance levels and ensuring that spending was tightly controlled. However, an effective culture of continuous improvement is not sufficiently embedded across the organisation. With the financial challenges the council faces in coming years from reduced funding, the current approach is unlikely to deliver the scale of change required.
- Elected members need to make a bigger contribution to the leadership of the council and its partnerships over a range of important areas, and need to be better supported by officers to do so.

- The council has made significant improvements in managing its performance. However, a more coherent approach to efficiency and improvement is required, ensuring that activity is better targeted and has more impact on efficiency and effectiveness. It also needs to do more to learn from others and to share some of its own best practice.
- The council has many of the key elements in place to ensure good governance and accountability. However, elected member scrutiny of decision-making and performance needs to improve.
- The council has demonstrated a prudent use of resources over many years in balancing its budget. This strength will continue to be valuable in the current financial climate. However, some important aspects of its management arrangements remain underdeveloped. It needs to identify more clearly and manage the costs of its activities, and the assets and people needed to deliver them, if it is to generate best value.

About this audit report

12. The BV2 audit in Dundee was conducted between June and December 2009. The initial risk assessment and scoping phase took place during July and August, with the detailed audit work taking place in September and October 2009. Audit Scotland has worked closely with colleagues from other inspectorates, both in assessing the risk associated with the council and in undertaking the detailed audit work.

Part 3. Areas for improvement



The council has an established improvement agenda that recognises many of the issues highlighted in this report. It needs to increase the pace of change in implementing this, creating sufficient organisational capacity and working closely with partners. It also needs to reflect on the key areas for improvement identified below to ensure that they are being addressed and being given appropriate priority.

13. The council needs to continue to implement improvement actions quickly and effectively to address significant concerns in delivering key services, as identified in recent inspections of child protection and housing.

14. With its partners, the council should:

- establish shared, and clearly understood, priorities for spending that reflect the anticipated reduction in available resources, in a collaborative manner that brings together the political choices of local elected members and the nationally led policies and priorities of other public sector partners
- ensure that meetings at all levels of the partnership are better focused on coordinating partnership activity, deciding on priorities and who does what, and monitoring progress and impact
- review partnership structures to ensure that the respective roles and responsibilities of different groups are clear, minimising overlap
- ensure that partnership aims are specified at an appropriate level and are supported by relevant indicators and measures of impact and progress.

15. Members need to increase their contribution and ownership of key subjects – leading community planning at a strategic level, policy development, risk management, efficiency and improvement. Council officers need to provide better support to enable members to do this.

16. There remains a need for the council to put in place an effective approach to elected member scrutiny of decision-making and performance. Recent changes to political management arrangements to introduce scrutiny have not been sufficient to address long-standing concerns on this issue. The council needs to ensure that it is more open and transparent, with better discussion of key issues in public meetings.

17. A more coordinated approach to improvement and efficiency is required in order to create more corporate capacity for improvement and change:

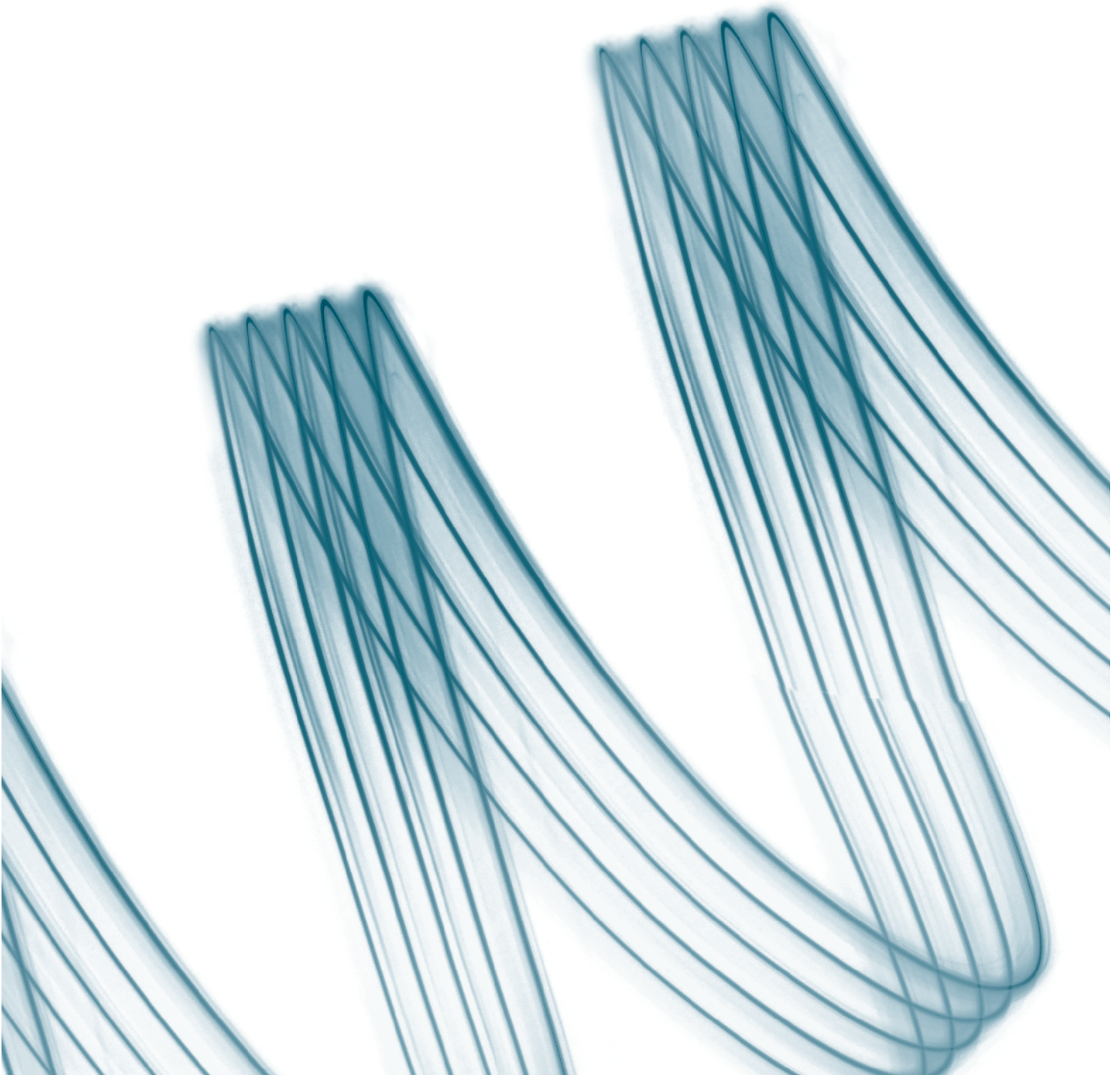
- Target efforts better and implement more robust planning and monitoring of progress, implementation and impact.
- Make greater and more robust use of benchmarking, cost comparison and option appraisal considering the scope for alternative approaches and more joint working.

18. The council needs to strengthen corporate working and internal partnerships, building more collaborative working and ensuring learning and best practice is identified and shared more widely.

19. Improvements are also needed in strategic management of resources, improving longer-term financial planning and developing more active planning for the use of assets and people. This will mean working with partners to take a more strategic approach to resource allocation, being more flexible in the way individual funding streams are applied and embedding the management of risk.

20. The council has made relatively slow progress in promoting equalities. Greater ownership and leadership in promoting equalities are required, with more effective engagement with equalities groups, a more effective approach to Equalities Impact Assessment and better monitoring of impact.

Part 4. Local context



Dundee is undergoing a period of significant change, with traditional manufacturing industries being replaced by a knowledge-based economy and a growth in science, technology and retail employment. Despite this, unemployment and deprivation levels within the city are well above the national average, leading to major health and social inequalities. Internally, the council has also undergone significant changes in its leadership, with a new administration and chief executive.

21. Dundee is the smallest council area in Scotland, with the city boundaries covering only 26 square miles. This helps to give council officers and members a strong sense of identity and purpose. However, many also feel that there is a mismatch between the council's funding base and the population that use many of its services. Dundee is Scotland's fourth largest city with 142,000 people living there, but there are around 300,000 people within a 30-minute drive, including 20,000 who commute into the city to work.

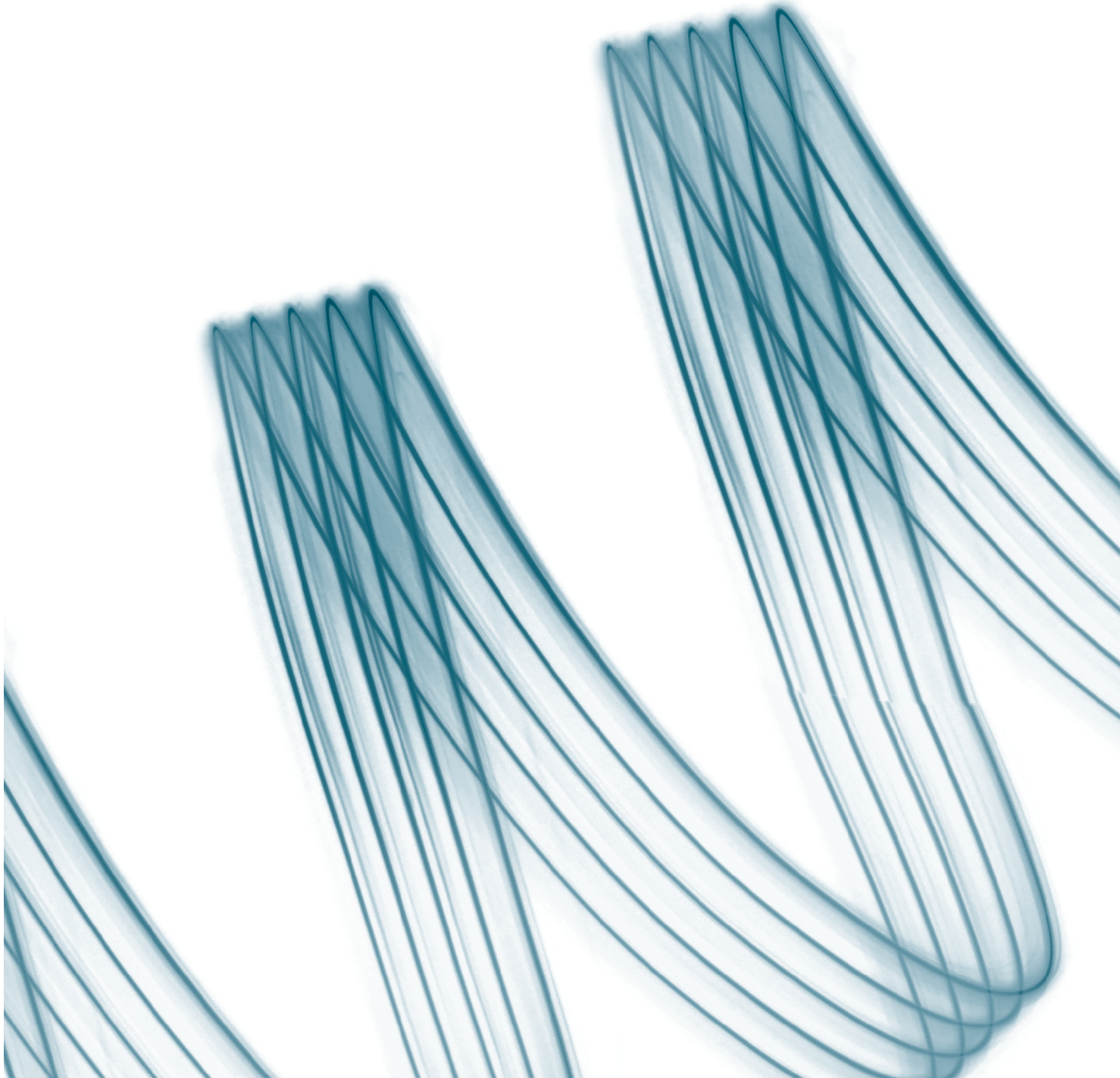
22. Dundee faces significant challenges of deprivation and health and social inequality. Over the past three decades, with the loss of its traditional manufacturing industries, the economy of Dundee has largely been in decline. Unemployment among the working age population is well above the Scottish average, and more than one in five are claiming benefits. Almost one in three of its population live in areas of high deprivation, the third highest proportion in Scotland. This has an impact on areas such as health and education. Life expectancy in the most deprived areas of Dundee is around ten years below the national average, and the city has high levels of alcohol-related deaths, problematic drug users, teenage pregnancies, and mothers smoking in pregnancy. Similarly, educational attainment has been among the lowest in Scotland.

23. Dundee is undergoing significant change in the face of these issues. It is transforming itself into a knowledge-based economy, with growth in further education and in science, technology and retail employment. The physical condition of key parts of the city has been much improved and the waterfront redevelopment is also aiming to transform the image of the city.

24. The city faces further challenges in the short to medium term. The current recession in the UK economy poses a threat to the economic momentum of the city, increasing the risk of deepening social and health inequalities. It will also lead to a reduction in public sector resources. In addition, there are longer-term factors which are expected to alter the balance of demands on council services, with the city's population projected to fall by nine per cent by 2031 but, at the same time, the numbers of those aged 75 or over expected to increase. This will also squeeze public spending.

25. Internally, the council is also undergoing significant change in its leadership. After many years of a Labour and Liberal Democrat administration, a minority SNP administration took power in April 2009. The council is still adjusting to this change and the style of debate and scrutiny that has emerged. In October 2009, a new chief executive was appointed following the retirement of the previous post holder, who had been in the role since the council was created in 1995.

Part 5. What are the council and its partners trying to achieve for Dundee?



The council and its partners have a clear vision for Dundee and this is underpinned by a series of ambitious aims. These plans are based on a good understanding of the needs and concerns of local people, and the challenges facing the city. The current economic situation and the accompanying pressure on public finances means that partners face difficult choices on where best to prioritise future public spending to support their agreed aims.

How focused are the council and its partners on the key challenges for Dundee?

26. The council and its partners have established a clear vision for Dundee. Their key objectives reflect the underlying issues that need to be addressed in the city and are reflected in the themes and 11 desired outcomes within Dundee Partnership’s current SOA, summarised in Exhibit 1. The main challenges relate to tackling the interwoven issues of unemployment, social inequality, deprivation and health.

27. The aims set out in the SOA are consistent with those previously agreed between partners. They have agreed that it will be the key strategic document that underpins each of their own plans. It is focused on a manageable and meaningful number of high-level outcomes and supporting indicators, clearly linked to the Scottish Government’s strategic objectives and national outcomes, and to the strategic objectives in the existing council plan.

28. The links between the SOA and the council’s current operational plans are less clear. The council has recognised the need to establish a clearer connection between service plans and the themes of the SOA, community plan, council plan and other key strategies. Work is under way to address this to ensure that the council’s activity supports delivery of the desired outcomes. Thematic SOA delivery plans are currently

Exhibit 1

Main strategic themes of the Dundee Partnership

| Dundee Partnership: strategic themes and outcomes | |
|---|--|
| Learning and culture | <ul style="list-style-type: none"> Our people will be better educated and skilled within a knowledge economy renowned for research, innovation and culture. |
| Children and young people | <ul style="list-style-type: none"> Our children will be safe, nurtured, healthy, achieving, active, respected, responsible and included. |
| Health and well-being | <ul style="list-style-type: none"> Our people will experience fewer health inequalities. Our people will have improved physical and mental well-being. Our people will receive effective care when they need it. |
| Work and enterprise | <ul style="list-style-type: none"> Dundee will be a regional centre with better job opportunities and increased employability for our people. |
| Community safety | <ul style="list-style-type: none"> Our communities will be safe and feel safe. |
| Building stronger communities | <ul style="list-style-type: none"> Our people will experience fewer social inequalities. Our people will live in stable, attractive and popular neighbourhoods. Our people will have high-quality and accessible local services and facilities. |
| Dundee environment | <ul style="list-style-type: none"> Dundee will have a sustainable environment and environmental justice. |

Source: Single Outcome Agreement for Dundee Partnership 2009–12

being developed to identify more clearly who is doing what, and to set out intermediate outcomes and performance measures as a basis for monitoring progress. Partners have recognised the need to address gaps in the information currently available to help assess progress, for example in measuring the reduction in inequalities.

How focused are they on things that matter to local people?

29. The council and its partners have a clear focus on the key concerns of local people. Members and officers have a strong commitment to the city, are strongly aware of the key issues and have a strong sense of local identity.

30. This is founded on a sound approach to community engagement. This has received positive comments from a number of service inspections, including HMIE and SHR, and has been recognised as best practice by the Scottish Government. There is a strong track record of working with local communities, and taking a systematic approach to finding out about the needs and concerns of residents and customers. Activities include an annual residents’ survey, community regeneration forums, and a series of local consultation events. The council needs to be more active in engaging with and involving equalities groups to better understand their perspective.

31. The council has established eight local Community Planning Partnerships. These are based on the eight multi-member wards and involve members, senior managers, other public agencies and community representatives. They have been effective in influencing what the council and its partners do, with the council reporting that around 80 per cent of the actions they identify in local community plans are being implemented.

32. There is evidence that local people are increasingly satisfied that the council and its partners are focused on the right priorities. Overall satisfaction with the council, as measured across ten criteria in the council's annual consumer survey, increased from 58 to 70 per cent between 2006 and 2009. The survey also shows that 65 per cent of respondents feel the council and its partners tackle important issues for the future of the city, an increase from 55 per cent in the previous year and 41 per cent five years ago.

How stretching and ambitious are their plans for improvement?

33. The partners' aspirations for Dundee are ambitious and challenging. Specific aims set out in the council plan and SOA are ambitious, but generally well balanced between specific outcomes, such as increasing the number of children registered with a dentist, and the wider impact in reducing health and social inequalities, such as reducing the gap in educational qualifications between deprived areas and the city average, and increasing healthy life expectancy in the most deprived areas.

34. In some areas, particularly around the environment, specified aims and targets are too narrowly based and it is not clear how achievement of these will ensure that higher-level aims are met. A Sustainable Development Framework is currently being developed to help address this, for example by setting out more

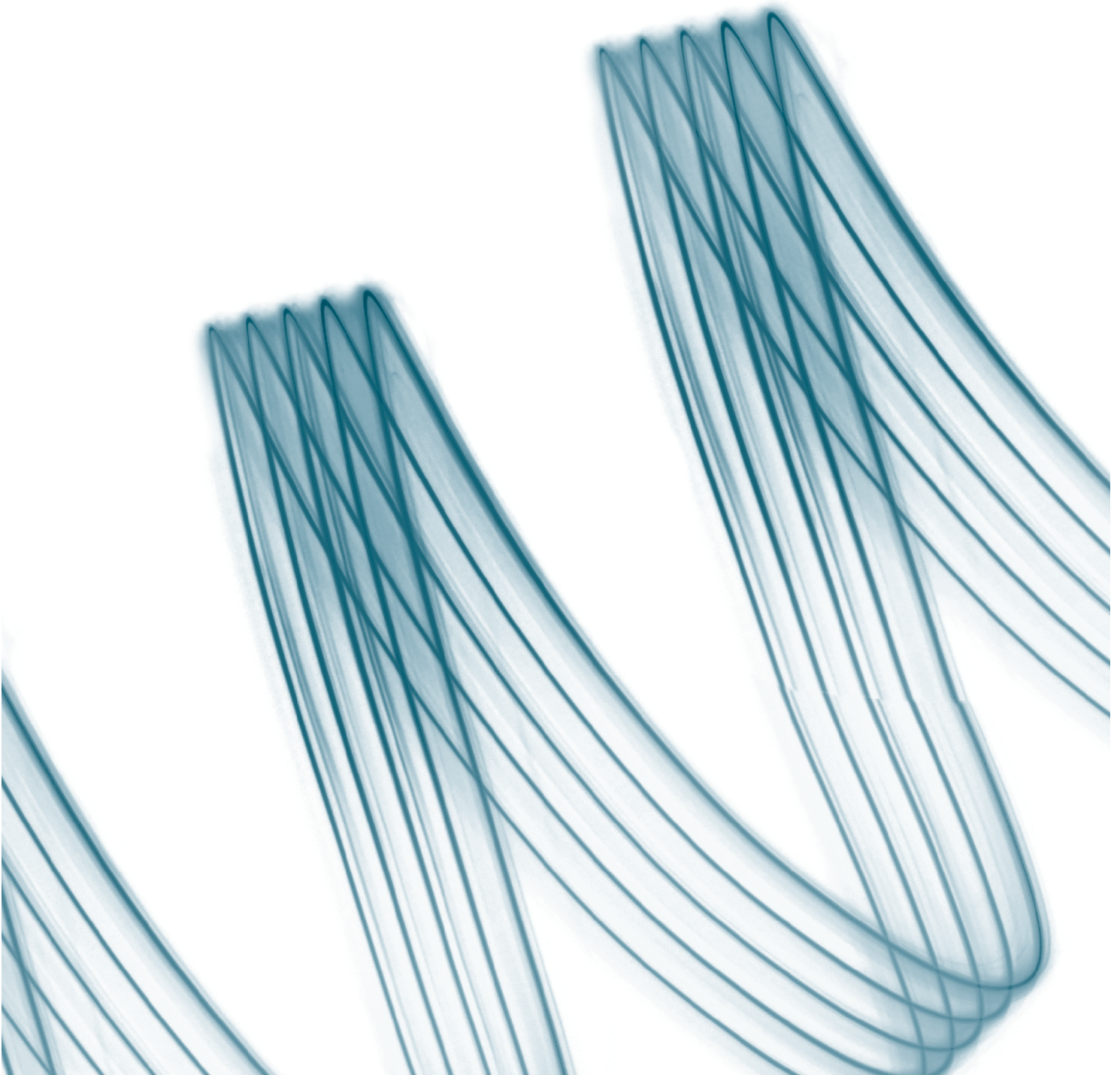
specific targets for reducing the city's carbon footprint.

35. The partners recognise that the local economy is a key influence on many of the other problems faced by people in the city. A key strategy is to improve the attractiveness of the city to inward investment, addressing both infrastructure issues and general perceptions about quality of life. The £330 million waterfront development is currently under way. This is a bold, long-term project for the transformation of the city centre. It will provide a range of new commercial, residential and leisure facilities and is aimed to help stimulate further economic activity in the city, bringing new businesses, jobs and opportunities.

36. The current economic situation and the accompanying pressure on public finances present a significant challenge to partners in achieving their agreed aims. They face difficult choices on where best to prioritise public spending to support these.

37. The council has prepared medium-term forecasts of its own budget position. These indicate that savings of up to £30 million will be required over the next four years. Council members and officers recognise the scale of the financial challenge and there is a sense of urgency about the need to tackle financial pressures in the years to come. While the intent is clear, specific proposals to significantly reorganise how things are done, or to redirect or reduce spending, have yet to be developed. There is a need to be clear on political priorities to help the city maintain a clear overall direction in a difficult period ahead.

Part 6. What has been achieved?



The council and its partners are making progress against many of their objectives for the city. There have been significant reductions in crime levels and progress has been made across a wide range of measures, covering the local economy, well-being and education. There is some uncertainty about the impact of the recession on targets and there are still gaps in the available monitoring information. The performance of council services has risen overall during a period of a modest real terms rise in the resources applied each year. However, not all key services have been performing well – with significant concerns identified in relation to child protection and housing. The council and its partners are addressing these as a matter of priority, but there remains considerable work to be done before plans for improvement are fully implemented.

What progress has been made in addressing the key challenges for Dundee?

Learning and culture

38. The council and its partners have made good progress towards improving the education and skills of people in Dundee and in developing a 'knowledge economy'. Despite the current recession, the number employed in Dundee's education and research sector has increased by almost 1,000 over the past two years and is now above the target of 24,000.

39. In 2006, HMIE assessed as very good the impact of community learning services in Dundee and the outcomes achieved by participants, with some projects nationally recognised as models of good practice. The number of adults attending classes to improve literacy and numeracy has increased by over 13 per cent since 2006/07.

Children and young people

40. Improving educational attainment has been set as a local priority and there is evidence that the council has

made some progress. Attainment levels are still well below the national average, reflecting the deprived nature of many parts of Dundee. However, the average educational attainment levels have increased by more than the national average since 2006/07. During 2009, 17 per cent of school leavers did not enter education, training or employment, well above the local SOA target of 14 per cent.

41. Dundee's SOA contains a target to close the gap in attainment levels between the city average and pupils coming from the most deprived areas. While the average attainment levels among the lowest performing 20 per cent of pupils in Dundee have shown significant improvement, there is a lack of data to indicate the council's success against this specific target. Similarly, there is no information available to assess any progress made in reducing the number of children in families dependent on a recipient of Income Support or Jobseeker's Allowance.

42. HMIE has raised significant concerns about child protection services within Dundee but, in its follow-up review in December 2009, found that the council and its partners had responded quickly and positively to the main points for action.

Health and well-being

43. There is some evidence that the health of the Dundee population is improving. Deaths from coronary heart disease have fallen significantly over the past three years and hospital admissions related to alcohol have fallen. Progress has also been made in reducing child obesity. In contrast, the proportion of the population who smoke has increased from 28 to 28.4 per cent over the past two years and is unlikely to meet the 2010 target of 22 per cent.

44. Monitoring information for the various outcome aims is incomplete. To some extent, this is due to the long-term nature of some of these. The target to increase healthy life

expectancy in the most deprived areas is particularly relevant to the council's vision of tackling health inequalities. However, there has been no new data available since the baseline was set in 2006/07. Similarly, there is no heart disease and stroke monitoring information readily available to show any reduction in the gap in death rates between the most deprived areas and the least deprived.

Work and enterprise

45. Dundee is one of 15 UK City Strategy pathfinders, funded by the Department of Work and Pensions, and a Workforce Plus initiative, funded by the Scottish Government. These initiatives have been brought together under the Dundee Partnership Employability Programme (DPEP) to coordinate activity to reduce unemployment within the city.

46. At a time of economic recession, Dundee's unemployment level has increased over the past year, from 3.9 per cent to 5.3 per cent and is well above the Scottish average of 3.7 per cent. However, this follows a period of significant success in reducing unemployment. Between 2006 and 2008, the number of people claiming workless benefits fell from 17,040 to 16,170, in line with agreed targets. Moreover, the declines in unemployment were more marked in the areas of deprivation within Dundee. The number of new business start-ups has increased from 242 in 2007/08 to 271 in 2008/09. In addition, the number of jobs in the knowledge, financial, retail and leisure sectors has steadily increased and is currently above target.

Community safety

47. Recorded crime levels in Dundee are the lowest for a decade, with significant falls in the numbers for housebreaking, vehicle-related crime and serious violent crime. In many cases, ambitious targets set for 2010/11 have already been met. Despite this, public surveys show the fear of crime continues to have a big effect on the quality of life of around one in five Dundee residents, but

satisfaction with the police service in Dundee is well above the Scottish average.

48. In line with the national picture, there has also been a large reduction in the number of people killed or seriously injured in road traffic accidents. The SOA target of a reduction from 114 (using 1994/95 baseline figures) to 68 per year by 2010/11 has been surpassed, with 44 people killed or seriously injured in road traffic accidents during 2008/09.

Building stronger communities

49. There is little clear evidence to show that the council and its partners are making any significant progress on reducing social inequality. This is partly due to the long-term nature of this aspiration. It may also reflect the impact of the current recession. From the information that is currently available, the Dundee Partnership has not yet been able to reduce the proportion of the population living in the 15 per cent most deprived Scottish datazones. Indeed, this has increased slightly, from 28.0 per cent in 2007 to 28.4 per cent in 2009. Similarly, the difference in average incomes between the deprived areas and the rest of the city has increased from 17.3 to 18.8 per cent, against a target to reduce this to 15 per cent.

50. There is good evidence of progress in improving the quality and condition of the built environment and the city's infrastructure. There have been significant improvements to the city centre and facilities available across the city, including schools, arts venues and community facilities. The proportion of council housing stock that meets the Scottish Housing Quality Standard has doubled over the past year to 23 per cent. The council has twice been in receipt of Intelligent Community awards, most recently in 2008. This recognises the success partners in Dundee have had in developing the 'broadband economy' in the city, using communication technology to support economic and social development – through

initiatives such as the Discovery Card, smart buses and science parks.

51. Residents' surveys also show increased satisfaction rates with access and quality of local services and facilities and there have been significant reductions in crime levels.

Dundee environment

52. There is insufficient evidence to properly assess the overall progress of the council and its partners in improving the city's sustainable environment. Progress measures tend to focus on the completion of projects rather than providing an assessment of impact.

53. However, the evidence that is available suggests that the council is making some progress. Recycling rates have steadily increased, from 20.8 per cent in 2003/04 to 35.6 per cent in 2008/09, the highest rate among the four Scottish city councils. A waste-to-heat plant has also helped to more than halve the amount of waste that is sent to landfill, and energy consumption within council property fell by ten per cent between 2002 and 2007.

54. Improvements have also been made in Dundee's day-to-day environment. While the evidence available suggests that air quality has deteriorated, the overall cleanliness of the city, as measured by the LEAMS index, has steadily improved from 65 in 2005 to 73, well above the national average of 67. Similarly, the number of Green Flags, awarded for parks, and Blue Flags, for beaches, has increased in line with targets.

How good are the council's services and are they improving?

55. Taking into account the context of the city and its relatively high levels of deprivation, many council services are performing well. In most areas available measures show general improvement in the services delivered to the public. However, there are some key services which

are not performing well and the council is working with its partners to implement improvement plans in child protection and housing.

56. National and local survey results show a relatively high level of satisfaction with council services, among customers and residents. The Scottish Household Survey (SHS) suggests that a slightly higher proportion of residents in Dundee are satisfied with the quality of services than the Scottish average ([Exhibit 2](#)). High satisfaction levels are recorded for specific aspects, such as the quality and maintenance of open spaces; cleanliness of streets; conditions of roads, pavements and street lighting and refuse collection. These compare well with satisfaction levels in many other parts of the country and represent an improving picture within Dundee.

57. A similar picture of general, and improving, satisfaction levels emerges from the council's annual consumer and resident surveys. Over the past year, resident satisfaction with the quality of local services and facilities has risen from 81 to 88 per cent. Similarly, overall satisfaction with the council, as measured across ten criteria in the council's annual consumer survey, increased from 58 to 70 per cent between 2006 and 2009.

58. There is clear evidence that measured service performance has improved significantly overall in most services in recent years. Since the first Best Value audit in 2005, the council has achieved significant improvements in service performance as measured by Statutory Performance Indicators (SPIs). These do not give a comprehensive picture of performance, but allow some comparisons to be made between councils and over time. Local performance information also suggests that, in general, service performance continues to improve overall at a rate above the national average – although there are important variations between services.

59. During 2008/09, service performance data shows that the council performs well in providing many aspects of social work, such as the quality of services provided in care homes, and protective services, such as carrying out food hygiene inspections and responding to noise complaints. Other services, such as education, development services, and waste management, are lower in national rankings but have shown improvements over the past year or so.

60. HMIE carried out a follow-up review of the council's education service in 2009. It found that significant improvements had been achieved in, for example, early years centres, the use of sports and arts activities to improve the confidence and wider achievements of primary school children, and innovative vocational education, including the Youth Apprenticeship Initiative, for secondary pupils. Exclusion rates for primary schools remain almost double the national average and the worst in Scotland; however, school attendance rates have improved.

61. As noted earlier, this has been matched by some improvements in school attainment levels. While these are still noticeably below the national average, the gap between Dundee and comparator councils has steadily closed. In particular, performance of the lowest performing 20 per cent of young people has improved significantly. In turn, the proportion of young people within Dundee entering further education and training is now well above national and comparator authority averages.

62. SWIA has also commented on a number of areas of relative strength in the council's social work services. Its inspection of collaborative working across services for older people in Tayside (published in May 2007) found generally good outcomes for people using services. However, it also commented on the need to improve the pace of change and the joint working between social work and health services in order to help



prevent delayed discharges. Following this report, the number of delayed discharges in Dundee has almost been eliminated.

63. SWIA's more broadly based inspection of social work services (November 2007) identified some areas for improvement, including waiting times for homecare and better support for people with learning difficulties. However, the report also commented on some 'very strong aspects', including:

- the management and motivation of staff
- the use of external and internal quality assurance checks
- the use of different ways to deliver effective services, such as rapid response homecare and more flexible working patterns.

64. The Care Commission has also commented positively on the standard of care homes within Dundee. In response to the growth in the older population, the council has made a significant investment in care homes. In addition to finding high levels of satisfaction, the Care Commission's inspections of regulated care services have resulted in 85 per cent of services being graded as very good or good, with the Oakland Support

Service being graded as excellent for quality care and support and quality of environment. There has also been a positive shift in the balance of care through commissioning additional homecare. Although still below the target of 30 per cent, the balance of social work expenditure on homecare has increased from 22 per cent to 28 per cent. This is helping to address poor waiting times for homecare, particularly for out of hours and care packages over ten hours.

65. In contrast, HMIE's joint inspection of services to protect children in 2009 raised significant concerns about how well the services of different public agencies were working together to protect children. It made a number of critical key findings, including:

- inspectors not being confident that all children at risk and in need of protection are identified and receive the help and support they need
- the immediate response to concerns about children who may be at risk does not always lead to a prompt assessment of risk, and many children do not receive help until their situation reaches crisis levels.

In its follow-up review, carried out in December 2009, HMIE found that the council and its partners had

responded quickly to resolving these issues. While these improvements to systems and practices were still at a very early stage, there was a strong commitment to long term and sustainable improvements in the protection of children.

66. The SHR has also raised significant concerns about Dundee's housing services. The inspection report, which was published in March 2009, does recognise some strengths, particularly in the council's homelessness services. However, it highlights serious concerns over housing management and asset management, both of which were assessed as 'poor'. Specific concerns included: the council being unable to demonstrate that it allocates houses in a fair and transparent manner; and managers not responding to poor performance. The SHR was also critical of the council's decision to purchase 15 new build homes from a private developer, which was inconsistent with policy objectives and not supported by a robust business case. The council has agreed an improvement plan with the SHR and has been addressing these issues as a matter of priority. The council has provided some evidence of improvements in performance and provides regular reports on progress to members.

How effectively is the council making use of its resources?

67. In 2008/09, the council spent £512 million providing services and a further £46 million on capital projects. Its annual revenue expenditure has increased by five per cent over the past five years after adjusting for inflation. Much of this rise was in the early part of the period and since then real terms spending has levelled off. The growth in spending has been relatively modest, with the cumulative rise in council tax in the last ten years half the Scottish average.

68. In applying these resources the council has achieved a general increase in overall performance

as outlined above. The balance of spending across the main service areas has remained broadly consistent during the last five years. There is limited evidence about the relationship between spending patterns, the performance of individual services and their overall impact.

69. The council has demonstrated a prudent approach to managing its financial resources, and it has managed its overall financial position tightly over the past five years. It has built up its capital fund, from £4.3 million to £15.9 million, helping it to manage future capital and debt repayment costs. It has also maintained uncommitted general fund balances above the target level set to cope with unforeseen events. These represent less than one per cent of the total income and other funding received annually. There are some underlying pressures in the recurring budget that the council will have to manage in future years, alongside the significant constraints on public expenditure in the medium term.

70. The council has reported efficiency savings of £3.5 million in 2008/09, representing around 1.9 per cent of its revenue funding. Dundee was one of a minority of councils not to achieve the government's national target of two per cent. Further savings and efficiencies of £1.8 million were identified in the 2009/10 budget, and the council is working to balance its budget for 2010/11.

71. The council has improved the proportion of council tax due that it collects during the year, rising from 87.1 per cent in 2004/05 to 92.1 per cent in 2007/08, although this fell back slightly to 91.3 per cent in 2008/09.

What progress has the council made in promoting equalities?

72. The council has made relatively slow progress in promoting equalities. Greater ownership and leadership in promoting equalities is required across the council and its partnerships. It lacks equalities

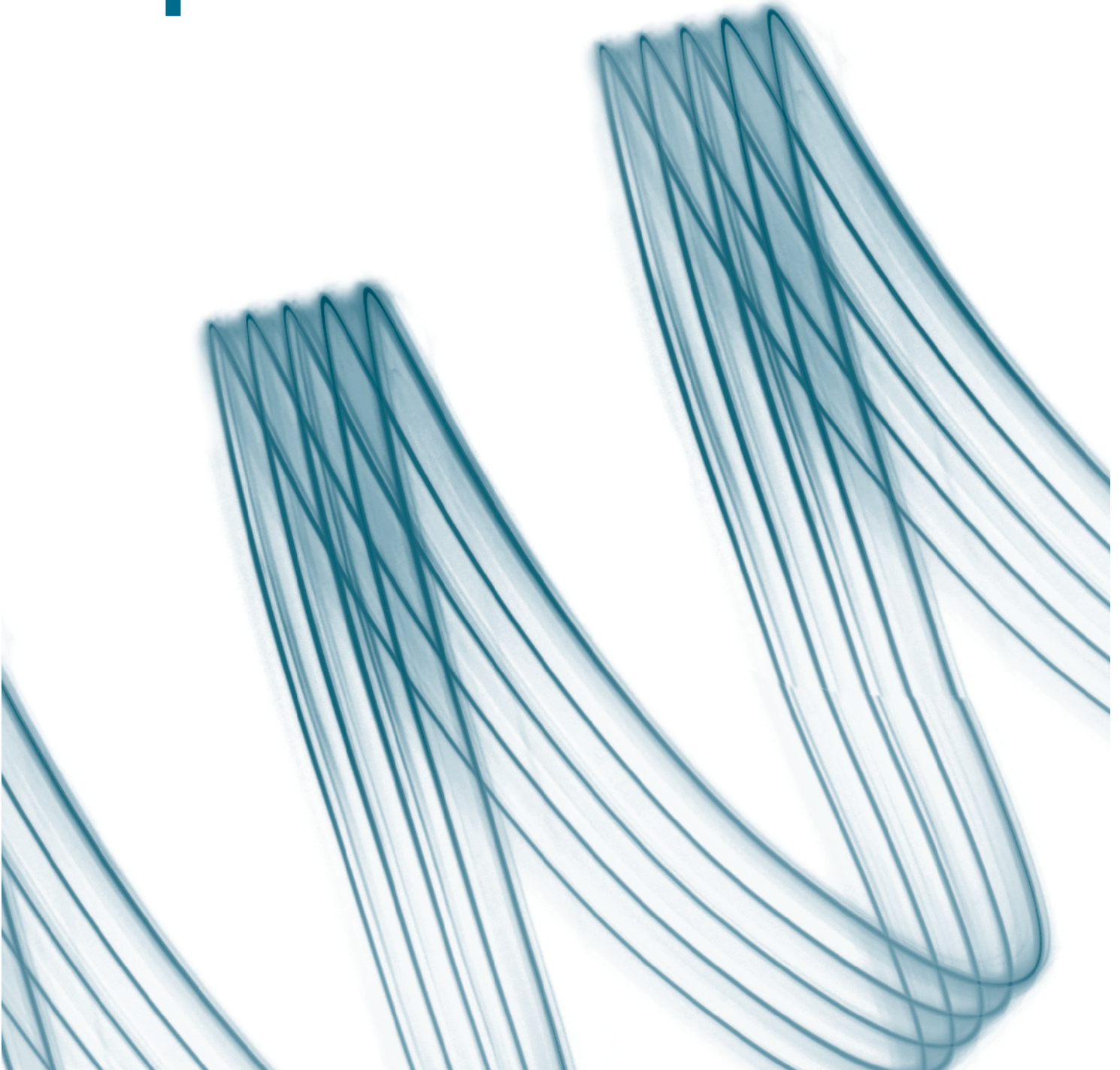
monitoring information for service delivery, with monitoring limited to its employment responsibilities. It has also struggled to carry out a programme of Equality Impact Assessments and needs to evaluate better the impact of relevant work.

73. Equalities training has not been well promoted and only offered to elected members as recently as October 2009. The council recognises that it needs to promote equalities better in a range of ways, including more sustained community engagement with target equalities groups.

74. Each year the council has been increasing the proportion of its public buildings suitable and accessible to disabled people, and at 86 per cent is among the highest in Scotland. The council has limited evidence to demonstrate that it delivers equality more widely in its services.

75. The council can strengthen its ability to demonstrate equality among its workforce. It has one of the lowest proportions of women in senior positions. It approved an Equal Pay statement in September 2007 and has subsequently reported limited results from implementing this. To meet its gender equality duties, the council should also ensure that an objective relating to equal pay is incorporated into its Single Equality Scheme, which is currently under development.

Part 7. What is the council's prospect for future improvement?



There are strong relationships among partner organisations in Dundee with many examples of effective joint working, but partnership working at a strategic level requires to be strengthened. The council is generally aware of where it needs to improve and has implemented some improvements to its ways of working. It has generally been cautious about the extent of change and takes an incremental approach. This has meant that progress in some areas has been too slow. More effective leadership and further development is required in a range of important areas if it is to deliver on its priorities in the difficult times ahead. Member scrutiny of decision-making and performance still needs to improve, despite this having been raised as an important area for improvement in earlier audit reports.

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

76. The council has shown a good awareness of many of the areas where it needs to make improvements to its current ways of working and the underlying issues to tackle. This was evident from a self-evaluation of its arrangements that was undertaken in advance of our audit and in our discussions with senior officers and members.

77. The council chose to undertake a fresh corporate self-evaluation in advance of our audit. This helped it capture its own assessment of its current arrangements and to identify those areas which were most in need of improvement (**Exhibit 3**). The ad hoc nature of the approach limited the extent to which we were able to rely directly on this, but our detailed audit was able to confirm that the self-evaluation had been undertaken in an open and straightforward manner.

Exhibit 3

Dundee City Council 2009 self-evaluation: main areas identified for improvement

Vision and strategic direction:

Review corporate priorities and the SOA and make more progress in aligning strategic resources to priorities and strategic themes.

Partnership working and community leadership:

Review the Dundee Partnership governance structure and performance management processes. Enhance the level of political involvement.

Community engagement:

More sustained engagement with equalities groups.

Governance and accountability:

Review the effectiveness of scrutiny arrangements.

Review the effectiveness of elected members' training and personal development plans.

Performance management:

Develop review programme to assess the competitiveness of in-house services using option appraisal, benchmarking and external challenge.

Improve monitoring and analysis of equality data and issues.

Use of resources:

Develop asset management, procurement, workforce planning, a council-wide staff appraisal system and longer-term financial planning.

Source: Dundee City Council

78. Some self-evaluation has happened within the council since 1998. However, it has been used infrequently in a piecemeal fashion and corporate self-evaluation remains at an early stage of maturity. This means that the council is less able to articulate clearly the overall performance of its services and the impact it is having on strategic objectives, and use this to identify where it needs to change how it is doing things.

79. In some key areas the council has shown less awareness of where improvement is needed. The findings of critical external inspections of child protection and housing were not expected by members and officers. This has raised some concern among

members about their access to key information on important aspects of performance, and highlights the need to strengthen significantly scrutiny of the performance of key services. Elected member scrutiny and a lack of challenge were highlighted as areas for improvement in the first Best Value report on Dundee City Council and progress since then has not been sufficient.

80. In these important areas, the early indication is that the council is working with its partners to remedy the concerns identified. It has also shown that where it was committed to making improvements in other areas – aspects of performance management, service planning, financial monitoring, process reviews,

partnership working – it was able to make real change and improve performance.

81. However, much of this successful improvement activity has been in reaction to external scrutiny, rather than being initiated internally. In other areas where the council has identified a long-standing need to improve its arrangements – asset management, workforce planning, benchmarking, option appraisal, equalities – the pace of change has been too slow. In such areas, although many of the specific actions identified by the council are generally well progressed, these have still to make a significant impact. There has been insufficient commitment or capacity to make the necessary improvements and elected members have not been sufficiently challenging of this slow progress.

82. While the council's track record in making changes to its arrangements is mixed, it has shown a commitment to improving measured performance over the last few years and overall has had some success in doing so, as outlined in the previous section.

How well does the council work with its partners to deliver improved outcomes for local people?

83. There are strong relationships among partner organisations in Dundee with many examples of effective joint working on individual projects, such as securing the investment for the waterfront development and co-locating partner services for the employability programme and local care centres. The public sector organisations operating in Dundee are committed to partnership working and this has generally been effective with a positive impact on services being delivered.

84. The strength of partnership working is evident in the eight Local Community Planning Partnerships (LCPPs) across Dundee. Local Community Planning has been successful in working with partners

Exhibit 4

Local community planning partnerships (LCPPs)

LCPPs have been established in each of the eight electoral wards within Dundee. For the first time, these local partnerships have brought together elected members, council departments, community representatives and partner agencies.

LCPPs provide an effective means of engaging local people in partnership working and are viewed very positively by those involved. Elected members are actively involved in LCPPs in carrying out their community leadership role.

Through extensive community engagement, each of these partnerships has helped to establish local community plans. These translate the broad objectives and targets, set at a strategic level, into specific projects and targets relevant to each local ward. For example, overseeing specific regeneration projects, identifying small-scale capital investment in local cycle paths, or coordinating partner responses to local crime. The council has reported that over 80 per cent of these have been successfully delivered.

Source: Dundee City Council

and communities to identify local priorities, influencing partners' plans and allocating Fairer Scotland Funds to deliver projects that meet these priorities (Exhibit 4).

85. Partnership working has also been effective where partners coordinate their contributions around a particular project or initiative, bringing their own expertise and resources to bear on a common interest. A collaborative approach is generally adopted, but some partners feel that at times the council can be too firm in pursuing its own line.

86. There have been problems in some more complex operational areas – particularly in multi-agency child protection arrangements and the operation of relevant Joint Action Teams within the council. Most staff recognised when children were at risk of abuse or neglect and shared their concerns. Not all of these children were reported quickly to social workers or police. Immediate action was sometimes delayed and some children were left in high-risk situations without adequate protection or support. Roles and responsibilities are confused by the proliferation of working groups and complexity

of referral routes, limiting the effectiveness of the teams.

87. Such complexity is also a feature of much of Dundee's partnership governance arrangements. There are over 30 partnership groups, many of which have overlapping interests and membership. Where particular problems are identified, further groups are often established in response. These structures have not supported effective performance management, and accountability has been unclear. This is evident in recent streamlining through the alcohol and drugs partnership (ADP) and the difficulties experienced in coordinating the large number of groups involved in delivering integrated children's services. A 'fit for purpose' review is currently under way and provides a good opportunity to rationalise and clarify arrangements to bring greater efficiency and effectiveness.

88. Partnership working at a strategic level requires to be strengthened. While community planning arrangements have helped to build relationships and trust and establish a shared agenda, strategic planning across the partnership has been limited. Discussions at the partnership

forum and in many theme groups have not been well focused, often being based on an exchange of views and background briefings rather than coordinating partnership activity, decision-making about who does what and progress monitoring.

89. The introduction of the SOA has helped the partnership begin to address some of these issues. It has brought more purpose to Community Planning, with a new community plan being developed for 2010–15. Work on SOA delivery plans is also helping to clarify the respective contributions of partners and it is planned that these will provide a sound basis for progress monitoring and accountability. However, much still needs to be done before the anticipated approach is operating effectively.

90. The involvement and ownership of elected members in strategic partnership working has been limited. They need to lead more actively and scrutinise the delivery of thematic partnership plans, and engage more effectively with partners about the capacity to contribute to Dundee's priorities. They also need to engage better with neighbouring councils to coordinate important actions, including economic development and travel to work issues. Officers require to support them to do this.

Does the council have the leadership capacity and organisational capability to deliver the improvements that are needed?

91. There were big changes in the leadership of Dundee City Council during 2009, with both a change in administration and the appointment of a new chief executive. The culture and working methods of the council are long standing, and it will take time for any significant changes to become apparent.

92. The leadership of the council has adopted a prudent, incremental approach to improvement and organisational change, underpinned

by strong central control and high levels of managerial accountability. This has been effective in helping to drive up performance levels, with a clear focus on key indicators. It also helped ensure that spending was well controlled and operations were generally tightly managed. These strengths will continue to be valuable in the current financial climate.

93. However, this approach meant that there has been little corporate working, and internal partnership working between departments has been poor. Good practice that existed in one part of the organisation was rarely identified and rolled out. The lack of corporate working has also meant that some key performance issues went undetected and consequently were not addressed, as there was little shared ownership among senior officers for performance outwith their immediate areas of responsibility.

94. Given the scale of the challenge presented by the current financial context, the existing approach is unlikely to be effective moving forward. The council needs to create greater management capacity to identify and deliver the scale of change required. There is a need to improve teamwork among senior management, bringing in a wider range of views and ideas. There are early signs that it is beginning to do this. Directors have been assigned corporate roles and there are plans to build a 'change management' team to provide more capacity for efficiency and improvement activity.

95. The council also needs to do more to learn from other organisations in the public and private sector. It has recently begun to be more active in exploring how neighbouring councils deal with specific issues, but needs to embed a more outward-looking approach more widely across its improvement and efficiency activity. In doing so the council will also be better placed to share some of its own good practice.

96. Relationships between members and officers are good, and the administration meets regularly with senior officers to discuss and resolve current issues. Relationships between political groups are, however, poor following the change of administration, and little discussion now takes place outwith formal meetings. Committee discussion is often confrontational. The previous style of politics was very consensual, with party groups working more closely and agreement between them often facilitated by the chief executive.

97. The centralised managerial approach of the council has meant that members have had limited involvement in a number of key areas, limiting the leadership they are able to provide. Members have also been very wary of being seen to be interfering in the management of the council. While it is important that the respective roles of members and officers remain clearly understood, members need to make a bigger contribution over a range of important areas – leading Community Planning at a strategic level, policy development, scrutiny, risk management, efficiency, review and improvement. They also need to be better supported by officers to do this effectively.

How effectively do the council's management arrangements improve services and secure better use of resources?

98. The council has made a step change in improving its performance management arrangements in the last few years, enabling it to improve overall performance. It has a well established online performance monitoring database containing a wide range of performance measures that aim to provide trend information and comparisons against neighbouring and similar councils. While there are still some gaps in the monitoring information, this is well used and has generally been an effective tool in maintaining and improving performance.

99. There are also good examples of effective performance management in services. As part of its drive to reduce unemployment, the DPEP has overseen the development of a 'pipeline' approach, pulling together the various training and development providers, and establishing a much more rigorous performance management system. There is evidence that this revised approach has led to improvements in the services being provided and an increase in the proportion of people who have been helped to find employment ([Exhibit 5](#)).

100. Further work is also needed to fully establish strategic risk management within the council. The council has some risk management arrangements in place. However, risk management is not yet well embedded and elected members and senior officers have little involvement in systematically monitoring risks. The council has recognised the need to refresh its corporate risk register.

101. The council has a much better focus on improvement over the last few years. There is now a range of review activities carried out within the council, but these tend to be fragmented, with little corporate coordination to help ensure that they focus on key priorities.

102. In some areas, notably educational attainment, the work of best value working groups in focusing on an identified performance area has had some success. Following oversight of an initial best value service review, these member and officer groups continue to oversee the development of new approaches and monitor the success of implementation over an extended period of time.

103. A series of 'lean service' process reviews has been established and has led to some efficiency savings and improvements in service delivery in areas such as car parking charges, the time taken to resolve public health complaints, and time taken

Exhibit 5

Dundee Partnership Employability Pipeline

The Dundee Partnership Employability Programme (DPEP) helps to coordinate the use of funding from the Department of Work & Pensions and the Scottish Government to tackle worklessness in the city.

In April 2008, the partnership established the Dundee Employability Pipeline. This provides a framework showing how the various services that it funds are inter-related and how they help to move individuals along the 'pipeline' through training and support to finding employment.

This has been supported by improvements in the coordination of this partnership activity. A common registration form has been established, allowing key information on clients to be shared between providers. The partnership has also introduced a more rigorous approach to performance management. The Dundee Employability Management Information System (DEMIS) provides valuable information on each individual activity within the 'pipeline' and on the overall performance of the 'pipeline'.

The information provided through DEMIS has been used to shift resources from less effective providers to training organisations with a stronger performance record. With just under 5,000 people registered in the 'pipeline' during 2008/09, there has been an increase in the number of job outcomes as a percentage of registrations in the 'pipeline' from approximately 20 per cent in the early stages of the revised approach to 28 per cent in August 2009.

Source: Dundee City Council

to re-let council houses. These have also helped build staff involvement and ownership. However, these tend to focus on specific, relatively small areas of service delivery and are not identified from any corporate assessment of performance. In themselves they are unlikely to lead to the significant efficiency savings that the council will need to realise over the coming few years.

104. The council's approach to generating efficiencies has largely been incremental, focused on managerial accountability for tightening control of budgets. This effort has been supported by efficiency champions in each department. The level of savings identified has been sufficient to balance the budget, but is relatively modest overall. While a specific committee has been established to oversee efficiency and improvement work, there is no specific plan of work and no targets have been set.

This approach will not be sufficient to deliver the significant savings required in the future. These take time to accrue and the council needs to plan better for these now, improving the coordination of its efforts.

105. A more coherent and coordinated approach to efficiency and improvement is required, ensuring that activity is better targeted and has more impact on the efficient and effective use of resources. The council also recognises the need to improve option appraisal, benchmarking and market testing, and consider wider use of shared services. To enable this it needs to have a much better understanding of how much its individual activities currently cost.

106. The council has many of the key elements in place to ensure good governance and strong accountability, and regularly reviews its compliance with governance standards.

Expected standards of behaviour and the statutory responsibilities of senior officials are well understood. Managerial accountability is strong. Elected members have personal development plans in place, but there is some resistance to training among members and take-up has previously been poor.

107. Elected member scrutiny of decision-making and performance needs to improve. Some changes to scrutiny arrangements have recently been made, including the establishment of a scrutiny committee during 2009, but these have been limited, with little overall impact. There has been increasing challenge in public meetings, but this has generally been about testing the competency of the new administration rather than effective scrutiny of policies and performance. The Improvement and Efficiency subcommittee regularly reviews performance data, and has played a role in helping to improve individual performance indicators, but scrutiny of overall performance is limited. A wide-ranging review of current arrangements is planned. However, the council has previously been very cautious about the extent of change it wishes to make, and has not shown that it values the contribution that effective independent scrutiny makes to improvement.

108. Weaknesses in scrutiny can also mean that accountability to members and the wider public is limited. The council publishes an annual performance report and makes a significant amount of information available on its website. However, the quality of discussion in public meetings is limited and the council has been cautious about how it reports publicly to members on, for example, alternative options or performance concerns. It needs to be more open and transparent about key issues.

109. The council generally has a prudent and well-controlled approach to using its resources. It places a strong emphasis on the annual budget and controlling expenditure within individual funding streams. It is now taking a medium-term view, setting out a framework for its total spending over the next four years, but the detail to support this is not there yet and longer-term resource planning remains limited. The council recognises the need to improve financial planning and to integrate this better with asset management and workforce planning, which remain underdeveloped. It is essential that longer-term resource planning is developed quickly to ensure that the council is able to identify and plan for the financial challenges that lie ahead.

110. Asset management plans have been produced for a number of services, but these are disjointed and reactive. More work is required to have a coherent long-term plan in place covering all of the council's assets base and linked to corporate priorities. Significant risks to the council's plans to deliver the Scottish Housing Quality Standard on time have been identified by the SHR. The recent slowdown in receipts as a result of the economic downturn is expected to continue, limiting the council's overall capacity to fund capital projects.

111. The human resources strategy is underdeveloped, with progress in improving it much slower than planned. Staff are generally well motivated and committed, with high levels of morale and good relationships between the council and trade unions. This will clearly be important to maintain going into a difficult period ahead. The council generally has a good focus on training needs, supported by personal development planning. However, the approaches to this are inconsistent and this has not been an effective tool for managing individual performance.

112. The council's current pay and grading system was independently equality proofed prior to its implementation in April 2008. It has yet to carry out an annual pay audit to check that pay and conditions are non-discriminatory, but recognises that this should begin in 2010.

113. The council has areas of strength in other aspects of the way it manages its resources. For example, it makes good use of Information and Communications Technology (ICT) to support and deliver services, and future ICT developments are clearly linked to the council's objectives and restructuring plans. It has also made some progress in implementing e-procurement but, overall, it still lacks a corporate approach to procurement.

114. The council is supporting delivery of its sustainability commitments through detailed plans and a range of implementation groups. The council recognises the need to improve its impact through better coordination of its overall approach, greater consideration of sustainability issues in procurement and more consistent application of Strategic Environmental Assessment (SEA) to policy appraisal and development. It currently lacks performance information to allow it to meaningfully assess its progress against sustainability commitments.

Appendix 1.

Judgement descriptions – pace and direction of change

| Pace and direction of change | Not improving adequately | Needs to improve more quickly | Improving well | Improving strongly |
|---|--|--|---|---|
| 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. While 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. While 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. While 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 improvement agenda (including Value for Money (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. | While 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). Improvement 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 improvement in VFM. |

Judgement descriptions – prospect for future improvement

| Prospect for future improvement | Poor prospects of future improvement | Fair prospects of future improvement | Well placed to deliver future improvement | Strongly placed to deliver future improvement |
|--|---|--|---|---|
| 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. | While 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 underdeveloped. | 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. | While 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. |

Dundee City Council

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