Best Value Assurance Report

Scottish Borders Council

ACCOUNTS COMMISSION

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The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

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• securing and acting upon the external audit of Scotland's councils and various joint boards and committees
• assessing the performance of councils in relation to Best Value and community planning
• carrying out national performance audits to help councils improve their services
• requiring councils to publish information to help the public assess their performance.

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Key facts

1,827 square miles

Area

115,300

Population

3,568

Workforce
(number of full-time
equivalent employees)

34

Elected members

14 Scottish Conservative and
   Unionist
9 Scottish National Party
9 Independent
2 Scottish Liberal Democrats

None

Council houses

£284 million

2019/20
revenue budget[1]

£386 million

2019/20–2028/29
capital budget[2]

£30 million

2019/20–2023/24
Savings required

1. The revenue budget covers day-to-day costs such as wages and the provision of services.
2. The capital budget covers the cost of major projects such as building schools and town centre regeneration projects.
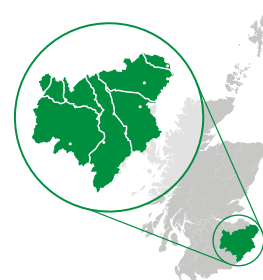
Commission findings

1 The Commission accepts the Controller of Audit's report on Best Value in Scottish Borders Council. We endorse the recommendations set out by the Controller of Audit in his report and expect the council to act upon them.

2 We note that the council has steadily improved overall since our last Best Value audit in 2010 and has made some good progress with its transformation agenda since then. Its 'Fit for 2024' programme is, however, an ambitious next step in this agenda which will require further refinement and planning. It is early days in such a challenging programme and there are critical elements of Best Value that the council will need to develop further.

3 Members and officers should continue working well together to provide the leadership required to deliver further change. It will be important for the council to assure itself that it has the senior officer capacity to fulfil its ambitions. It is also crucial that the council demonstrates, through longer-term organisation-wide planning, how its workforce will be equipped for the future. Equally, progress with a development programme for members should help them to fulfil their responsibilities and enhance their skills.

4 It is encouraging that some key services have performed well and improved – particularly in education, aspects of social work, and in the council's extensive economic development activity.

5 The council should, however, be more effective in evaluating, managing and reporting its performance, bringing greater clarity on where and how its services need to improve. It also needs to get better at the reporting of performance – both in terms of information considered by members and in reporting to the public.

6 Such elements should support a stronger culture of continuous improvement throughout the organisation. Another significant element of such a culture is staff ownership of the council's ambitions for change – we urge the council to develop how it engages its staff in planning and delivering change.

7 Collaborative and partnership working will be key to advancing the ambitions of the council. Such working with NHS Borders and through the health and social care integration joint board needs to improve. The council now needs to make better progress with its community planning partners in delivering crucial elements of their community empowerment obligations, including resourced locality plans which identify community need and help community wellbeing.

8 We commend the council in taking the next steps in its ambitious transformation. Progress will be reported through the annual audit, and the Controller of Audit will update the Commission as appropriate.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the *Annual Audit Report* ⬇. In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council.

2. This is the first assurance report on Scottish Borders Council. The findings from a previous Best Value report on the council in 2010 are summarised in Exhibit 12 (page 49). This report aims to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's strategic audit priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in future.

3. Our audit approach is proportionate and risk-based and so reflects the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work in previous years. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience.

4. Exhibit 1 (page 7) shows the areas we decided to focus on. Our detailed audit work was undertaken between January and May 2019 and included:

- interviewing elected members, senior officers and council partners

- observing a range of council and committee meetings

- discussion with trade unions

- reviewing documents and analysing data

- meeting focus groups.

5. We gratefully acknowledge the cooperation and assistance provided to the audit team by elected members, officers and the council's partner organisations. As part of the annual audit of the council, our future work will follow up the findings and recommendations in this report. It will also include more detailed audit work on other Best Value areas as appropriate.

Exhibit 1
Key areas of focus for our audit
The audit considered a broad range of issues.

Vision and strategic direction (Part 1)

The council's vision and strategic direction. This includes how well its leadership works together to deliver priorities set out in the council's *Corporate Plan 2018–2023 : Our plan and your part in it.*[1]

Performance (Part 2)

- An assessment of how the council monitors trends in outcomes/performance and the reporting of these, including the council's public performance reporting.

- The link between the council's self-evaluation, improvement actions and changes in outcomes for local people.

Use of resources (Part 3)

- Financial management.

- Procurement.

- How effectively the council uses workforce planning to support the delivery of its priorities.

Partnership working (Part 4)

- How well the council delivers services through partnership and collaborative working, including: the Scottish Borders Health and Social Care Integration Joint Board, arm's-length external organisations, the Edinburgh and South-East Scotland City Region Deal and community empowerment.
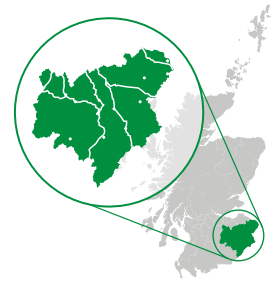
Continuous improvement (Part 5)

- Progress of the council's ongoing transformation programme.

- Progress against key judgements in the 2010 Best Value report.

Source: Audit Scotland

Key messages

1 The council has made steady progress overall since the 2010 Best Value audit. It has more to do to demonstrate Best Value on some matters including embedding and sustaining a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking. This would help it to more clearly evidence progress on its corporate and partnership-related objectives.

2 In 2017, the council saw many new elected members and offered a coordinated approach to induction. It now needs to support elected members through individual training plans. The council's vision for 2017–22 prioritises six strategic themes, reflecting long-standing challenges. Members and officers demonstrate a strong commitment to working together for the fulfilment of the vision, while effective governance arrangements ensure opportunity for challenge and scrutiny.

3 Since 2010 the council has made good progress with its transformation agenda. Recognising a need to increase its pace of change and be more innovative, the council began its challenging Fit for 2024 corporate transformation programme in February 2019. This is intended to be a five-year rolling programme that will improve how the council is managed and save a further £30 million. The council should continue to ensure there is sufficient capacity to implement this programme while continuing to deliver public services.

4 Performance is good or improving in the key service areas of education and social work. The council is below average on many other national indicators and reports that its performance is improving on around half of its own performance indicators. Residents are more satisfied with their council's services than national data suggest. Performance reporting to members and the public should be more comprehensive and clearer about why performance has deteriorated and what action is being taken.

5 The council demonstrates effective financial planning and management. It has a good track record of making savings but its financial outlook, like most other councils', remains challenging. Workforce management has developed slowly and planning the future workforce remains a key issue. The council has begun a programme to improve communication with staff but must do more to understand and act on their views.

6 The council is a key partner in complex and ambitious economic initiatives. Significant leadership and resources will be required to achieve their objectives. Partnership working with NHS Borders, through the integration joint board, could be improved. The council has made good progress with other aspects of joint working and recognises there are further opportunities for this. Where it provides services through arm's-length external organisations, the council recognises that the risk of potential conflicts of interest needs to be carefully managed.

7 Implementation of the Community Empowerment (Scotland) Act 2015 has been slow in some respects. The council and the Scottish Borders community planning partnership need to finalise and implement its locality plans. It also needs to implement a performance management framework that can measure progress against the community plan and locality plans.

Part 1

Does the council have clear strategic direction?

From 2010 to 2018 the council made good progress with its transformation agenda.

In 2017, the council saw many new elected members and offered a coordinated approach to induction. It now needs to support elected members through individual training plans.

Members and officers demonstrate a strong commitment to working together for the fulfilment of the vision, while effective governance arrangements ensure opportunity for challenge and scrutiny. The council vision for 2017–22 prioritises six strategic themes, reflecting long-standing challenges.

The council should ensure there is sufficient capacity to implement its challenging Fit for 2024 corporate transformation programme while continuing to deliver public services.

The local context

6. The Scottish Borders covers 1,827 square miles and has a population of 115,300.[2] It is mostly rural, with dispersed settlements and no cities. Around a third of the population lives in settlements with fewer than 1,500 people. The Scottish Borders is one of the most sparsely populated Scottish council areas, with an average population density of 63 people per square mile, considerably lower than the Scottish average of 180.[3] The economy largely depends on the public sector, agriculture, residual traditional industries and numerous small businesses.

7. The profile of deprivation across the Scottish Borders suggests relatively few households are sited in extremely deprived areas. Overall, 6.6 per cent of the population live in the 20 per cent most deprived of Scotland's 7,000 population datazones, with pockets of deprivation in Galashiels, Hawick and Selkirk.[4] Data zones are small areas with roughly equal populations. Focusing on small areas helps to highlight the different issues in each neighbourhood.[5]

8. Demographic change in the Scottish Borders will have a significant impact on the demand for council services. The population forecast for 2016–41 expects changes including:

- The total population of the Scottish Borders is forecast to increase by 2.4 per cent (compared with 5.3 per cent for Scotland overall).

- The number of children (aged 0-15) is forecast to decrease by 0.6 per cent (compared with a 1.5 per cent decrease in Scotland as a whole).

- The number of people of working age is forecast to decrease by 5.6 per cent (compared with a 1.1 per cent increase in Scotland as a whole).

- The number of people of pensionable age is forecast to increase by 23.1 per cent (compared with a 25.1 per cent increase in Scotland as a whole).

- The number of people aged 75 or over is forecast to increase by 80.0 per cent (compared with an increase of 78.6 per cent in Scotland as a whole).[6]

9. The council's challenges also include:

- ensuring effective transport infrastructure, particularly across the road network and bus services, which affect access to education, employment and markets

- delivering services such as roads, schools, care for the elderly and waste management in dispersed, remote and rural communities.

Since the last Best Value audit in 2010, the council has made good progress with its transformation agenda

10. The council's Business Transformation Programme (BTP) for 2010–15 led to budget savings of £17.8 million. It was superseded by the Corporate Transformation Programme (CTP) in 2015, based around four themes: making best use of our people; working with our partners; looking after the Borders, and business process transformation. The CTP's 14 projects were reduced to five strands in 2018:

- digital transformation

- workforce transformation

- children and young people

- corporate landlord (including property assets and energy efficiency)

- health and social care (including adult services).

11. Progress with the BTP and the CTP was monitored by the corporate management team (CMT) and reported quarterly to the council's Executive Committee, with annual reports to full council meetings. In 2015/16–2018/19, the council reported £49.0 million of savings from its revenue budget, including £35.1 million of recurring savings (Part 3).

12. As well as participating in significant regional development projects over the last decade, including the reopening of the Borders Railway in 2015, the council has led numerous other developments, including:

- outsourcing information and communications technology to CGI

- developing a Digital Customer Access platform, which will help make the council more accessible to the public

- building three new primary schools, two new secondary schools and a new special school

- forming the Live Borders sport and leisure trust

- setting up SB Cares to provide adult social care services.

In 2017, the council saw many new elected members

13. The council has 34 elected members (members) across 11 multi-member wards. Like many Scottish councils, Scottish Borders Council lost a significant number of experienced members following the 2017 local government elections. Eighteen members were newly elected, ten of whom were in the new administration. The administration is a coalition between the Scottish Conservative and Unionist Party and an independent alliance, currently comprising four of the nine independent members (Exhibit 2).

14. With such a significant change in administration, the CMT has had an important role in supporting both administration and opposition members. It can take time for new members to fully understand and take ownership of policy direction. Over two years into their five-year term of office, many members told us they were still 'getting to grips' with their roles and responsibilities.

Exhibit 2
Changes in the council's political administration
Coalition administrations are a feature of the council.

	Current administration 2017–22	Previous administration 2012–17
Leader	**Scottish Conservative and Unionist**	**Independent**
Administration	14 - Scottish Conservative and Unionist	9 - Scottish National Party
		7 - Independent
	4 - Independent	6 - Scottish Liberal Democrats
Opposition	9 - Scottish National Party	9 - Scottish Conservative and Unionist
	5 - Independent	
	2 - Scottish Liberal Democrats	3 - Independent

Source: Scottish Borders Council

The council's priorities have evolved since 2010

The political administration for 2012–17 prioritised four key areas

15. Following the 2012 elections, members in the council reached agreement on four key areas:

- general issues relating to the workings of Scottish Borders Council

- ensuring that economic development is a key driver for the administration

- investing in children and young people

- improving life in the Scottish Borders.

16. In 2013, the council's corporate plan for 2013–18 detailed a further eight priorities.

17. In 2014, the chief executive reported to a meeting of the full council that *'After two years, just over 70 per cent of commitments covered in the (2012 Ambitious for the Borders) Agreement have either been achieved fully or significant progress has been made. There is further work to do over the next three years to ensure that all the commitments made are addressed.'* The council adopted an updated Ambitious for the Borders document in 2015 with sustainable economic development as its top priority and produced an updated corporate plan for 2013–18.

18. In 2014, the council also led a strategic assessment of the Scottish Borders for the community planning partnership (CPP), which includes the council. The assessment identified three priorities: growing the economy, reducing inequalities, and maximising the impact of the low-carbon economy. An updated strategic assessment in 2016 took stock in relation to the Scottish Government's 16 national outcomes and reiterated the same three CPP priorities as in 2014.

The council's vision for 2017–22 prioritises six strategic themes, reflecting long-standing challenges

19. In 2017, the new political administration published *Connected Borders 2017–22: the vision of Scottish Borders Council's Administration*. It drew on evidence such as demographic and employment information, although it did not explain how the views of communities had been incorporated. The six themes relate to:

- connected communities

- communities of enterprise

- communities of beauty

- communities of wellbeing

- communities of caring

- communities that are empowered.

20. Four principles underpin the commitments made to realise the vision: consensus, equality, innovation and community. This document was formally adopted as the council's vision in September 2017.[7] It reflects long-standing

challenges in the area, such as its predominantly rural geography, transport networks and the importance of education in relation to economic development.

21. In February 2018, the council produced its current *Corporate Plan: Our plan for 2018–2023 and your part in it* .[8] It covers an overlapping period from the Connected Borders vision statement, with four related themes which cover issues similar to the six strategic themes adopted by the council five months earlier:

- our services for you

- independent, achieving people

- empowered, vibrant communities

- a thriving economy with opportunities for everyone.

22. The council also led the production of the CPP's Local Outcomes Improvement Plan (LOIP) for people in the Borders, in May 2018 (Part 4). Termed the 'Community Plan' by the council and its partners, its four themes are related to those in the council's current vision and corporate plan.

Members and officers demonstrate a strong commitment to working together for the fulfilment of the vision, while effective governance arrangements ensure opportunity for challenge and scrutiny

The council adopted a new executive and scrutiny structure in 2015
23. Two of the council's key committees are the Executive Committee and the Audit and Scrutiny Committee. Currently, the Executive Committee comprises members of the political administration and is the key decision-making and monitoring committee. For example, quarterly budget monitoring reports are presented to this committee for monitoring and control purposes, including the year-end financial position. The Audit and Scrutiny Committee has both administration and opposition members. As part of its scrutiny function, it reviews the implementation of policy decisions on a wide range of topics, such as the implementation of the council's information technology strategy and its handling of major property issues. Both committees operate effectively. The council also appoints members to the Scottish Borders Health and Social Care Integration Joint Board (IJB) (Part 4).

The council plans and delivers services in five geographical localities
24. The five localities are Berwickshire, Cheviot, Eildon, Teviot and Liddesdale, and Tweedale. They also form the basis of the council's leadership of community planning in the Scottish Borders, and of the work of NHS Borders and the IJB. Each locality has an area partnership that aims to bring together key organisations, groups, businesses and individuals from across the public, private and third sectors and local communities. Meetings of the area partnerships are attended by council members and are open to the public, with their documents on the council's website.

Scrutiny works well
25. In committee and full council meetings, we observed the effective scrutiny and challenge of officers' reports. Some members told us that their council work would benefit from more concise committee reports being provided sooner than the current one week in advance of a meeting, to allow more time for consideration. They recognised this is not always feasible. Working relationships between members and officers are respectful and constructive. Members have good access to the CMT and other officers for queries, guidance and information.

Risk management has room for improvement

26. In 2018, the Audit and Scrutiny Committee approved a refreshed risk management policy and a three-year risk management strategy. The corporate risk register and all service risk registers are reviewed quarterly, with good arrangements for reporting on risk to the CMT and members. In May 2019, the council's Internal Audit function reported to the Audit and Scrutiny Committee that:

- There was a gap in linking corporate and service risk registers to business plans and the business planning process.

- Where mitigating actions were required, they should be matched to relevant risks so that managers have an overview of all key performance indicators, actions and risks in one place.

- This will require ongoing engagement with risk owners.

Service planning is effective

27. In 2016/17, the council had three-year business plans for each key service. From 2018/19, financial, business and people planning was integrated, with a focus on meeting significant financial savings. The integrated plans were refreshed for 2019/20. Each service area detailed its spending and savings plans along with an explanatory narrative. The integrated plans could be improved through adopting a consistent approach to plans between departments, and sharing of best practice.

Training and support for members needs tailored to their individual needs, based on previous induction and briefing events

28. The induction of members elected in 2017 was well organised by officers and was appreciated by members. Members who were elected to the council for the first time faced a steep learning curve. Some induction events were available to all members while participation was mandatory for members of certain committees, such as on licencing and planning matters. Subsequently, support for all members has primarily involved officers offering members a series of briefings.[9] Many members told us that they found the briefings topical. However, they could be made more accessible to members by being made available online.

29. At the time of the audit, the council had not developed individualised training plans for members – something it should have made more progress on. In 2016 our report *How councils work: Roles and responsibilities in councils – Are you still getting it right?* explained the importance of continuing professional development (CPD) in equipping members with the skills and tools they need. The council intended to start a members' development programme in September 2019. Discussions were also under way with the Improvement Service to use its members' CPD framework and to include personal development plans for members.

Recognising a need to increase its pace of change and be more innovative, the council began its Fit for 2024 corporate transformation programme in February 2019

Fit for 2024 is a challenging programme of work

30. Fit for 2024 is intended to be a five-year rolling programme of corporate transformation aimed at improving how the council is managed and achieving a further £30 million of budget savings.[10] It emphasises the importance of a cross-

cutting approach and of the programme being driven corporately. Its seven main aspects are covered more fully in Part 5:

- a whole-council service review and redesign programme

- enhancing community engagement, participation and empowerment

- making best use of physical assets, assisted by a corporate landlord model

- investing in well-planned and designed digital solutions

- developing the workforce's skills, flexibility and working patterns

- optimising partnership resources

- making process and productivity improvements.

> " It is a fair assessment to suggest that the outlook for the council remains extremely challenging… It should be recognised that Fit for 2024 raises fundamental questions about the future shape of Scottish Borders Council.
> **Fit for 2024**   "

The council has been proactive in providing direct support to partnership initiatives through secondments but must ensure it has capacity to implement the Fit for 2024 programme while continuing to deliver public services

31. The council has been proactive in supporting wider partnership initiatives through secondments of some of its senior officers. The council views these opportunities as providing unique insight and access to shape economic development, and as a means of the council realising its ambitions for the area.

32. Both the council's executive directors spend the majority of their time on secondment in lead roles within other organisations. The Executive Director for Commercial Activity is also the managing director of SB Cares four days a week Exhibit 3 (page 17). This arm's-length external organisation (ALEO) was established by the council to provide adult social care services.

33. The Executive Director for Strategic Partnerships is seconded to the Scottish Government for three days a week to help establish the South of Scotland Enterprise Agency.

34. The CMT also has roles in two ongoing major economic development initiatives: the Edinburgh and South-East Scotland City Region Deal and the Borderlands Inclusive Growth Deal (Part 4).

35. While this is a positive and innovative approach aimed at realising the council's wider ambitions, it must continue to ensure that there is sufficient capacity to deliver local services and its Fit for 2024 programme commitments in a sustainable way.

Exhibit 3
Corporate management team structure
CMT members have lead roles plus cross-cutting roles that they manage in the council and with its partners.

Statutory officers
Other or cross-cutting roles include

- Chief executive officer — -
- Chief social work officer → Public protection
- Chief financial officer → Business improvement
- Monitoring officer — -

Executive directors
Other or cross-cutting roles include

- Commercial → Managing director of SB Cares
- Strategic partnerships → Economic development

Service directors
Other or cross-cutting roles include

- Assets and infrastructure → Maximising capital investment through collaboration and partnership
- Children and young people → Reducing inequalities
- Customer and communities → Community engagement
- Human resources, transformation, communication → Employability
- Regulatory services — -

Joint roles with NHS Borders

- Chief officer, health and social care integration — -
- Director of public health — -

Source: Scottish Borders Council

The council needs its staff to buy in to implementing Fit for 2024

36. The success of Fit for 2024 will depend on the active participation of staff from across the council. They need to feel informed, involved, valued and motivated. We found evidence of staff lacking awareness of their role in the programme and how it affects them. Staff who are not office-based, such as those in roads maintenance depots and waste services, are at greater risk of feeling disconnected and disengaged.

37. The CMT recognises that it needs to increase its visibility and engagement with staff at this critical time to drive progress. In particular it is aware of the need for more and better-quality engagement with staff about their role in Fit for 2024. Practical steps to enhance communication are at an early stage and at the time of the audit:

- The council had developed an online staff e-magazine, with contributions from CMT members.

- A staff web page about Fit for 2024 had been set up.

- In July 2019, over 100 staff attended a briefing on Fit for 2024, led by CMT members, in the council's headquarters. Staff had an opportunity to ask questions and raise their concerns.

- CMT members and other senior officers were involved in an ongoing series of staff engagement events, including visits to depots and other local facilities.

Part 2

How well is the council performing?

Performance is good or improving in the key service areas of education and social work.

The council's performance was maintained or improved on 68 per cent of national indicators relevant to its priorities and services between 2013/14 and 2017/18. Its performance remained below the national average on many.

The council reports improvements on around half of its own performance indicators.

Residents are more satisfied with their council's services than national data suggest.

The council needs to embed a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.

Public performance reporting should be clearer and more comprehensive about why performance has deteriorated and what action is being taken.

Performance is good or improving in the key service areas of education and social work

38. The Local Government Benchmarking Framework (LGBF) enables a council to compare its performance with that of other councils and the average for all councils. Performance relative to other councils can be gauged by considering how all councils are performing, from highest to lowest for each indicator, and dividing relative performance into four equal bands or quartiles. Quartile 1 contains the best-performing councils and quarter 4 contains the poorest-performing councils.

Education services continue to perform well overall. Outcomes for children are above the national average and improving
39. The council's performance against the LGBF indicator for the proportion of pupils entering 'positive destinations' improved from an already-high level, from 94.4 per cent in 2013/14 to 95.8 per cent in 2016/17. Positive destinations include higher education, further education, training, voluntary work and employment.

40. Performance improved for pupils' average total educational tariff. Also improved was the proportion of pupils from the most-deprived areas, who gained five or more awards at both Scottish Qualifications Framework (SQF) Level 5 and Level 6.[11] Indicators of school attendance and exclusion rates improved from 2010/11–2016/17.

41. Education Scotland inspected community learning and development (CLD) services in the Scottish Borders in 2017. Key strengths included leadership, impact for participants and focus on equality.

42. In April 2018, Education Scotland found there was strong strategic leadership in education and children's services and increasing strengths in the council's approach to quality improvement.[12] The council had appropriate governance for ensuring educational provision was well organised and well led. Scrutiny outcomes, including inspections, were positive overall. Outcomes for children and young people were often above the national average and generally improving.

43. In October 2018, Education Scotland reported very good progress on its follow-up to a validated self-evaluation of educational psychology services (EPS) in August 2017.[13]

Social work and social care services' performance is mixed but improving

44. From 2013/14 to 2016/17, three LGBF indicators improved:

- the proportion of children being looked after in the community improved from 84.4 to 88.6 per cent and from seventh to fourth in the family group

- the proportion of child protection re-registrations within 18 months improved from 13.9 to 3.9 per cent and from seventh to third in the family group

- the proportion of looked after children with more than one placement in the last year improved from 20.7 per cent to 18.9 per cent and from third to first in the family group.

45. The council's performance on the proportion of people aged 65 or over who have long-term care needs and receive personal care at home was sustained between 61 per cent and 64 per cent, with some variations year-to-year. Although above the family group median in 2013/14, the council's performance fell below it during this period.

46. The Community Planning Outcomes Profile (CPOP) helps to assess whether the lives of people in a community are improving, using a set of core measures of important life outcomes. Of the six CPOP indicators linked to social care and wellbeing, three improved from 2013/14 to 2017/18 including wellbeing, fuel poverty and emergency hospital admissions. The rate of improvement in emergency admissions and in fuel poverty was better than for the family group. By contrast, performance on three CPOP indicators declined, including early mortality, the fragility index and unplanned hospital attendances – which rose by 19.3 per cent, and by more than for the council's family group overall. The fragility index is compiled from three measures: overall depopulation in a community, the ratio of older people to the working age population and rural depopulation. It indicates the size of challenge presented by a changing population in a CPP's area.

47. In June 2016, the Care Inspectorate reported positively overall on an inspection of services for children and young people.[14] Its recommendations were addressed in the CPP's integrated children and young people's plan 2017–20 and in its action plan for 2018–19. Unfortunately, an updated integrated children and young people's plan for 2018–21 did not specify timescales for planned improvements.[15]

48. The Care Inspectorate and Healthcare Improvement Scotland inspected health and social work services for older people, from October 2016 to February 2017.[16] The delivery of key processes, strategic planning and plans to improve services, leadership and direction were assessed as 'weak'. The IJB has since developed an improvement plan to address the inspection's recommendations. A progress report in May 2018 showed some improvement actions needed completion deadlines. A progress review by Healthcare Improvement Scotland and the Care Inspectorate is under way.

49. In April 2019, the Care Inspectorate reported on a criminal justice social work inspection, which focused on people subject to community payback orders. The council was 'good' in terms of its impact on people who have committed offences, and at assessing and responding to risk and need. Operational managers supported staff well. Areas assessed as 'weak' were: improving the life chances and outcomes for people subject to a community payback order, and leadership of improvement and change. There was a lack of governance and oversight from senior officers and elected members and no performance management structure in place to drive service improvement.[17]

Economic development services' performance is good and improving
50. The economy has been a long-standing council priority and the council reports that performance has improved against a number of indicators including:

- The number of businesses supported by the Business Gateway increased from 1,085 in 2016/17 to 1,497 in 2018/19, an improvement of 38 per cent.

- Twenty-six contracts containing community benefit clauses were awarded in 2018/19, an increase of five (24 per cent) from the 21 awarded in 2017/18.

- The number of affordable homes delivered was substantially above the council's annual target of 128 homes – 145 in 2017/18 and 191 in 2018/19.

51. On ten relevant LGBF indicators, performance improved on five, remained the same for two indicators, and declined on three. The average time to process a business or industry planning application improved and the council remained first in its family group, although performance declined for the cost per application. The proportion of immediately available development land as a percentage of total land nearly trebled from 13 per cent in 2014/15 to 37 per cent in 2017/18.

52. The number of Business Gateway start-ups per 10,000 population decreased slightly from 20.4 in 2013/14 to 19.5 in 2017/18. While the council remained fourth in its family group, its performance in 2017/18 was substantially above that for Scotland. There was more investment in economic development and tourism, but performance remained below the Scottish average and in the bottom three councils of its family group.

53. Performance improved for four economy-related CPOP indicators and declined for one, between 2013/14 and 2017/18. The indicators for which performance improved were the proportion of people receiving out-of-work benefits, the employment rate, median earnings and the proportion of business start-ups surviving. The business survival rate for the council's area is similar to that for its family group and for Scotland overall.

54. Economic development is a council priority, and the employment rate improved slightly from 74.1 per cent to 74.8 per cent. This was above the level for Scotland overall at 73.6 per cent, although national and family group improvement was faster over the same period.

Performance has been maintained or improved on 68 per cent of national performance indicators between 2013/14 and 2017/18

55. We analysed the council's performance for 44 LGBF indicators that are relevant to its priorities and services, and which have been reported on consistently from 2013/14 to 2017/18. In this period, the council's performance was maintained or improved on 25 (68 per cent) of the 44 indicators, in absolute terms (Exhibit 4). National LGBF data for 2018/19 have not yet been published.

Exhibit 4
Changes in the council's performance from 2013/14 to 2017/18
From a total of 44 comparable LGBF indicators, performance improved for 25 and declined for 14.

Long-term performance, 2013/14 to 2017/18	Indicators	
	Number	Percentage
Improving performance	25	57%
No change in performance	5	11%
Declining performance	14	32%

Performance compared to Scottish average, 2017/18	Indicators	
	Number	Percentage
Better performance (by over 10 per cent)	8	18%
Similar performance (within 10 per cent of the Scottish average)	16	36%
Worse performance (by over 10 per cent)	20	46%

Notes:
Our analysis excluded:

1. Indicators for the cost of providing a service – because the size of the cost could be ambiguous. A higher cost could indicate investment in higher quality, and a lower cost may not mean better value for money.
2. The indicator for the proportion of the highest-paid five per cent of employees who are women – because it does not have a bearing on the quality of a council's public services.
3. Five indicators related to housing – because Scottish Borders Council does not own council houses.

Source: Improvement Service

56. From 2013/14 to 2017/18, the council's performance declined for 14 indicators and declined by a margin of ten per cent or over on the following four indicators:

- quality ratings for children's early years' service providers – performance declined from 97.5 per cent of providers graded 'good' or 'better' for all quality themes, to 87.5 per cent

- the proportion of invoices sampled that were paid within 30 days – performance declined from 90.2 per cent to 78.0 per cent

- the proportion of procurement spent on local small/medium enterprises – performance declined from 28.5 per cent to 23.1 per cent

- the proportion of internal floor area of operational buildings in satisfactory condition – performance declined from 91.6 to 62.1 per cent.

57. In 2017/18, the council performed above the Scottish average by ten per cent or more for eight indicators (18 per cent) but was over ten per cent below average for 20 indicators (46 per cent), including:

- the proportion of unemployed people assisted into work by council-funded or operated employability programmes – 4.2 per cent (Scotland average 14.4 per cent)

- investment in economic development and tourism per 1,000 population – £43,132 (Scotland average £91,779).

The council's performance was below the national average on most indicators between 2013/14 and 2017/18
58. The council's performance has varied over time. Exhibit 5 (page 24) uses the same 44 indicators as Exhibit 4 (page 22). The proportion of the council's indicators in the upper two quartiles improved from 36 per cent in 2013/14 to a peak of 42 per cent in 2014/15 before falling back to 34 per cent in 2017/18. This means that the council consistently performed below the Scottish average for most of the 44 LGBF indicators we analysed.

59. Budget pressures influenced performance in services where the council reduced funding. These included leisure services, where budget reductions affected service quality – something the council had anticipated.

Exhibit 5
The council's LGBF relative performance, 2013/14 to 2017/18
During this period, the council's performance was below average for a majority of indicators.
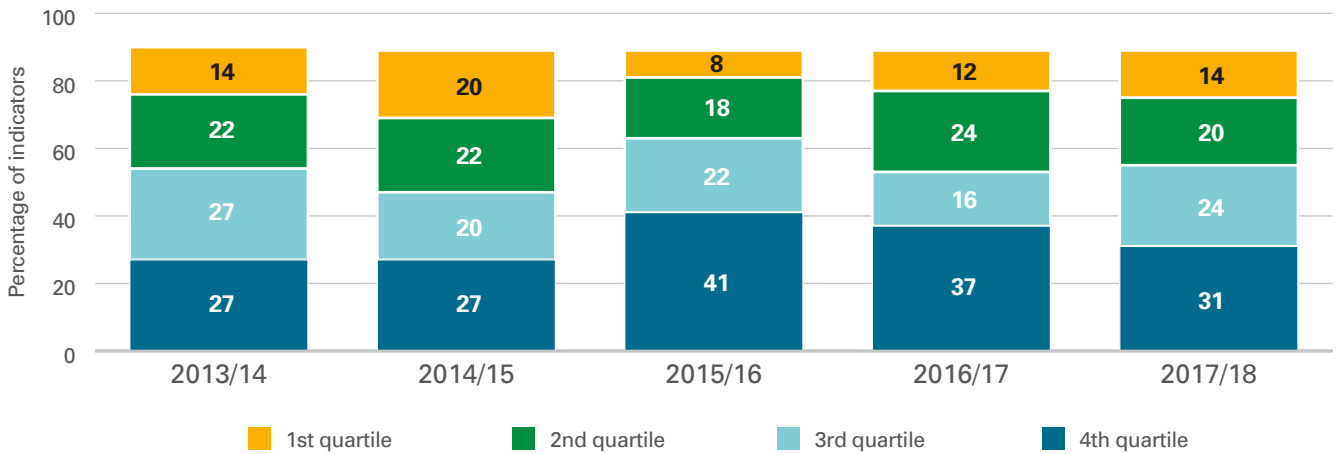
Notes:
1. Measuring the council's performance involved considering how all councils performed, from lowest to highest for each indicator. From this, it was possible to see how one council compared with all others. Relative performance against other councils was divided into four equal bands, or quartiles. The first quartile contained the best-performing councils for that indicator and the fourth quartile contained the poorest-performing councils.
2. The figures in each column do not total to 100 per cent because of rounding effects and because five LGBF indicators for the performance of housing services do not apply to this council, as it does not own council houses.

Source: Audit Scotland; and Improvement Service

The council reports improvements on around half of its own performance indicators

60. Since 2018/19, the council has aligned its performance management framework with its current corporate plan, and it presented its first quarterly report in this revised format to the Executive Committee in September 2018. The 2018/19 summary report rated the council's performance as 'green' ('improved') for 26 (52 per cent) of the 50 indicators it used Exhibit 6 (page 25). Performance was 'amber' ('deteriorated') for 17 indicators (34 per cent) and was 'grey' ('flat' or no comparator existed) for seven indicators (14 per cent).

Local residents are more satisfied with council services than national data suggest

61. The LGBF uses nine indicators of service users' satisfaction with council services. These are based on national surveys such as the Scottish Household Survey (SHS).

Exhibit 6
The council's performance in 2018/19
In 2018/19, the council rated 52 per cent of its 50 indicators as green, meaning 'improved performance'.

Priority	Number of indicators			
	➡️	🔻	🔺	Total
Our services for you	2	8	10	20
Independent, achieving people	3	4	6	13
Thriving economy, with opportunities for everyone	2	2	4	8
Empowered, vibrant communities	-	3	6	9
Overall (number)	7	17	26	50
Overall (per cent)	14	34	52	100

Note: Since the previous year: Amber arrow = performance was 'flat' or no comparator existed. Red arrow = performance deteriorated. Green arrow = improved performance.

Source: Scottish Borders Council

62. Recent national data shows that satisfaction has declined across Scotland for all council services and this is also the case in the Scottish Borders (Exhibit 7, page 26). Satisfaction with the council's services declined from 2012–18 on eight of the nine indicators and declined for four services at a faster rate than the national average. In 2018, the council was rated among the eight weakest councils on five indicators, including four indicators for which it was among the three weakest councils. This includes satisfaction with parks and open spaces, leisure facilities, libraries and museums and galleries. The council needs to better understand the reasons behind its relatively poor performance.

63. Since 2006, Scottish Borders Council has conducted a household survey to gather customer views of council services and life in the Scottish Borders. In the 2018 survey, 905 responses were received. The results were reported to the council's Executive Committee in February 2019.[18] Feedback included:

- 55 per cent rated Scottish Borders Council as 'good' or 'excellent'

- 55 per cent 'agreed' or 'strongly agreed' that the council is good at letting people know how well it is performing

- 54 per cent 'agreed' or 'strongly agreed' that the council provides high-quality services

- 40 per cent 'agreed' or 'strongly agreed' that the council does the best it can with the money available (compared to 39 per cent for the Scotland average in the Scottish Household Survey)

- 31 per cent 'agreed' or 'strongly agreed' that the council designs services for the people who use them.

Exhibit 7
Customer satisfaction with council services, 2012–2018
Satisfaction with council services declined faster than the national average on four LGBF indicators.

Indicator	Percentage point change over time	Satisfaction level in 2018 (%)
Adults satisfied with social care or social work services*	+0.2 / -3.8	Rank 9 — Borders 83.1, Scotland 80.2
Adults looked after at home satisfied that the care they receive has an impact on their quality of life*	-3.0 / -5.0	Rank 14 — Borders 80.1, Scotland 80.0
Adults satisfied with street cleaning	-5.0 / -4.7	Rank 21 — Borders 68.3, Scotland 69.7
Adults satisfied with refuse collection	-3.0 / -4.7	Rank 22 — Borders 80.3, Scotland 78.7
Adults satisfied with local schools	-4.7 / -8.7	Rank 27 — Borders 67.0, Scotland 72.3
Adults satisfied with parks and open spaces	-2.3 / -0.3	Rank 30 — Borders 75.0, Scotland 85.7
Adults satisfied with leisure facilities	-9.7 / -10.7	Rank 31 — Borders 59.0, Scotland 72.7
Adults satisfied with libraries	-14.0 / -7.3	Rank 32 — Borders 52.3, Scotland 73.0
Adults satisfied with museums and galleries	-17.3 / -6.3	Rank 32 — Borders 40.7, Scotland 70.0

Legend:
- Borders
- Scotland
- Negative change
- Positive change
- Scottish Borders Council rank (out of 32)

Note: Indicators marked '*' are from the Scottish Health and Care Experience Survey and presented for 2014/15 and 2017/18, ranked by 2017/18 data. A rank of 1 shows the best performing Scottish council and 32 shows the weakest one.

Source: Improvement Service

64. In individual services, results from the council's survey included:

- 83 per cent of respondents were satisfied with the kerbside waste collection service, whereas the LGBF data showed 80 per cent of adults were satisfied with refuse collection

- 77 per cent of respondents were satisfied with sport and leisure facilities, compared with 59 per cent for the corresponding LGBF indicator

- 59 per cent of respondents were satisfied with libraries, compared with 52 per cent for the corresponding LGBF indicator

- satisfaction with schools ranged from 68 per cent of respondents in Berwickshire to 81 per cent in Cheviot, compared with 67 per cent for the Scottish Borders overall according to the corresponding LGBF indicator.

65. The council found that a lower budget for parks and open spaces impaired its ability to conduct maintenance consistently at previous levels. Policy changes in 2018, such as changing the grass-cutting cycle from every ten days to every 20 days, partly explain the fall in satisfaction. The council has met with community councils and groups to discuss service changes and understand their impact.

66. The delivery of leisure facilities, libraries, museums and galleries is the remit of Live Borders, an ALEO established by the council. Live Borders does not survey customer satisfaction directly. Since 2018, its service managers have reviewed a quarterly 'net promoter score survey' and customer feedback to establish how services are viewed. Visitors to museums and galleries are encouraged to give feedback online through TripAdvisor.

The council needs to embed a culture of continuous improvement throughout the organisation

Benchmarking practice is inconsistent across the council

67. The Accounts Commission requires councils to report their performance using the national LGBF data. Although the council does this, it is unclear how it utilises the data to pursue service performance improvements systematically. Benchmarking is applied in some service areas including education and complaints handling, but the council should embed proactive, systematic use of this approach to drive performance improvements across all services.

There is room to improve performance reporting

68. Officers submit quarterly performance reports to the Executive Committee and an annual report in June each year. Members' scrutiny of the information reported to them is generally good. The Executive Committee has no opposition members, but opposition members can publicly scrutinise and challenge performance information in a meeting of all members in full council meetings.

69. In addition, officers invite all members to attend a private annual briefing on the council's performance. However, in January 2019, fewer than half of members (15 of 34) attended a briefing arranged by officers and no meeting record was kept.

70. Performance reports to the Executive Committee highlight activities that will affect performance in each corporate theme. However, they lack a clear, succinct

overview of the council's position. Also, and the number of indicators and the amounts of performance information provided vary significantly across the four corporate themes. There is insufficient explanation of areas identified for improvement.

71. The council's graphical public performance reporting (PPR) summary for 2018/19 makes it difficult for members and the public to gain a clear overview of the council's changing performance. It would be helpful to distinguish actual performance on an indicator from the performance trend to clarify, for example, situations where:

- performance was at a very high level and a small decrease is acceptable

- performance was adequate, and remains relatively unchanged over time

- performance was poor and any deterioration is not acceptable.

72. There is scope for performance reporting to more clearly and consistently include concise information on reasons for under-performance and actions to address these, helping drive planned continuous improvement. Although the council compares itself against its family groups for relevant LGBF indicators, this material is not part of the PPR summary and is not published on the council's website in a timely way.

Part 3

Is the council using its resources effectively?

The council demonstrates effective financial planning and management. It has a good track record of making savings but the financial outlook remains challenging.

Workforce management has developed gradually and workforce planning remains challenging. The council has begun a programme to improve communication with staff but must do more to understand and act on their views.

Procurement performance is good and improving.

The council demonstrates effective financial planning and management

Budget scrutiny is effective

73. Scrutiny of financial performance is delegated to the council's Executive Committee, which receives quarterly revenue and capital monitoring reports from officers. Financial reports include: commentary on performance, details of how performance differs from budgets, reasons for the variances and any necessary changes to budgets or reserve balances. These comprehensive reports facilitate transparency and openness. There is sufficient monitoring of financial information during the year, with members providing effective scrutiny.

A revenue plan with a five-year timespan is updated annually

74. The council has developed five-year revenue plans annually since 2013/14. The 2017/18 external audit recommended that the council should introduce high-level, longer-term scenario planning for the next ten years. This began with the 2018/19 revenue budget.

The council consults stakeholders online about its budget

75. The budget-setting process includes input from services and contributions from stakeholders and residents, with the council using an online Dialogue Community Engagement Tool to seek ideas and comments. The 2019/20 budget was discussed at meetings of all five locality partnerships ahead of the full council meeting that set the budget in February 2019.

A capital planning strategy spanning ten years is updated annually

76. A ten-year capital plan is prepared annually as part of the budget-setting process. The capital investment strategy for 2019/20 links the council's

investment priorities to the themes of the current corporate plan. Although there has been some slippage each year, the council has generally implemented its capital plans effectively.

77. The capital plan for 2019/20–2028/29 anticipates £386 million of investment, including £171 million in the three-year operational plan and the remaining £215 million within a seven-year strategic plan. The largest items of spend are roads and bridges infrastructure (£80 million), the Hawick flood protection scheme (£52 million) and the new Hawick High School (£40 million). The plan will be funded by the general capital grant (£155 million), Scottish Government grants (£70 million), developer contributions (£1.2 million), external grants (£16 million), capital receipts (£5.0 million), the plant and vehicle replacement fund (£20 million), the synthetic pitch replacement fund (£4.2 million) and borrowing (£115 million).

The council has a clear policy for managing its reserves

78. The council reviews the level of its uncommitted financial reserves when setting its budget each year. The review is based on an assessment of corporate risks, with each risk being assigned a likely financial value as well as a likelihood of the risk occurring. The council expects that it is unlikely all risks would transpire simultaneously. Earmarked reserves are maintained to fund specific initiatives, such as the council's energy efficiency fund.

79. The 2019/20 budget planned to maintain an unallocated General Fund reserve of £6.3 million. The unallocated balance projected at 31 March 2019 equated to 2.2 per cent of the council's net revenue expenditure and was sufficient to cover 54 per cent of the risks identified in the finance risk register should they be realised.

80. The council has largely maintained its level of usable reserves in recent years, with a total General Fund balance of £17.5 million in 2018/19 compared to £17.2 million in 2013/14. The council is in the third quartile of councils for its level of usable reserves compared to its net revenue stream. However, the council considers its level of reserves provides sufficient contingency for unforeseen costs.

Asset management planning works well

81. Asset management plans align with the objectives and priorities detailed in the council's current corporate plan. The council is adopting a corporate landlord model that centralises all estate-related budgets, decision-making and activities within one core team. Council service departments now need to make a business case for the property that they wish to deliver a service from, which helps the council to provide sufficient space but no more space than is required. This approach applies to all capital and revenue investment proposals.

82. The Executive Committee agreed in January 2015 to adopt a long-term, strategic approach to the council's school estate. A report to the committee in September 2016 identified the need for a phased School Estate Review, following nine consultation events in high schools in March 2016.

83. In April 2017, the council undertook a statutory consultation process about proposals to build increased school capacity in Jedburgh. This is to replace the town's nursery, primary and secondary schools and ensure additional support needs provision. After extensive consultation work, the council agreed in December 2017 to establish a multi-purpose intergenerational learning campus in Jedburgh, which is on track to open in spring 2020 as the Jedburgh Grammar Campus.

The outsourcing of ICT services proved to be a challenging journey

84. In March 2016, the council decided to outsource its ICT services to an external company, CGI UK Ltd (CGI), as part of a 13-year contract worth £92 million. The contract was based on a contract previously negotiated between the City of Edinburgh Council and CGI under Public Sector Partner procurement guidelines. Through its contract with Scottish Borders Council, CGI is responsible for implementing a range of major ICT changes including:

- replacing the council's hardware systems

- replacing its finance and human resources systems with a new integrated system: Business World enterprise and resource planning system (ERP)

- providing enhanced cyber security arrangements and new offsite back-up facilities

- developing a digital customer access (DCA) system to help the public access council services more easily, and at lower cost to the council.

85. The agreement with CGI has allowed the council to access the technical expertise and support of a major international company, as well as address risks with recruiting and retaining ICT staff in the area. The new Business World ERP system was implemented from April 2017, cyber security arrangements have been improved and replacement of the council's hardware is ongoing. The council has experienced problems with the full delivery of the benefits expected from the CGI contract. The implementation of the DCA was delayed and issues arose when the Business World ERP system was first introduced. Problems with third party service providers led to their removal and other contractors were required to rectify problems, although at no extra cost to the council.

86. Council staff told the audit team that the new computer systems are often sluggish and that helpdesk support by CGI can be unresponsive. Overall, the forecast benefits from the ICT contract have not materialised as soon as the council expected. The council's new ICT arrangements should bring benefits in time. It expects that a CGI ICT service delivery centre in the Borders will boost the local economy.

87. The Inspire Learning Programme is an innovative £16 million investment in a digital learning environment for school pupils. The project has been developed by a partnership of the council, CGI, XMA and Apple. The project is a key part of the council's Digital Learning Strategy and aims to transform teaching and learning in schools. It includes plans for iPads to be provided to all P6-S6 pupils and shared devices for P1-P5 pupils too. Secondary teachers received their iPads before the summer break in 2019. The roll-out to high school pupils will occur from August 2019 through to June 2020. An Inspire Learning Board oversees the project and is chaired by the council's chief executive. A project manager and project team work with the council's technology partners and schools to deliver the programme. It is too soon to gauge the impact of the Inspire Learning Programme.

**The council has a good track record of making savings, but the financial outlook remains challenging**

88. The council reports that from 2013/14–2018/19, it made £46.3 million of permanent (annually recurring) cost reductions and £17.2 million of temporary (non-recurring) savings (Exhibit 8).

89. The council's revenue budget for 2019/20–2023/24 forecasts required savings totalling £30.4 million over this period. The council has a good record of achieving savings and has reflected the impact of demographic change on demands for services and pay increases for council staff, in its financial plans. However, in common with all other councils, the financial outlook remains a significant challenge.

Exhibit 8
Savings achieved, and forecast savings required over 2019/20 to 2023/24
The council has forecast that it needs to save more than £30 million over five years.
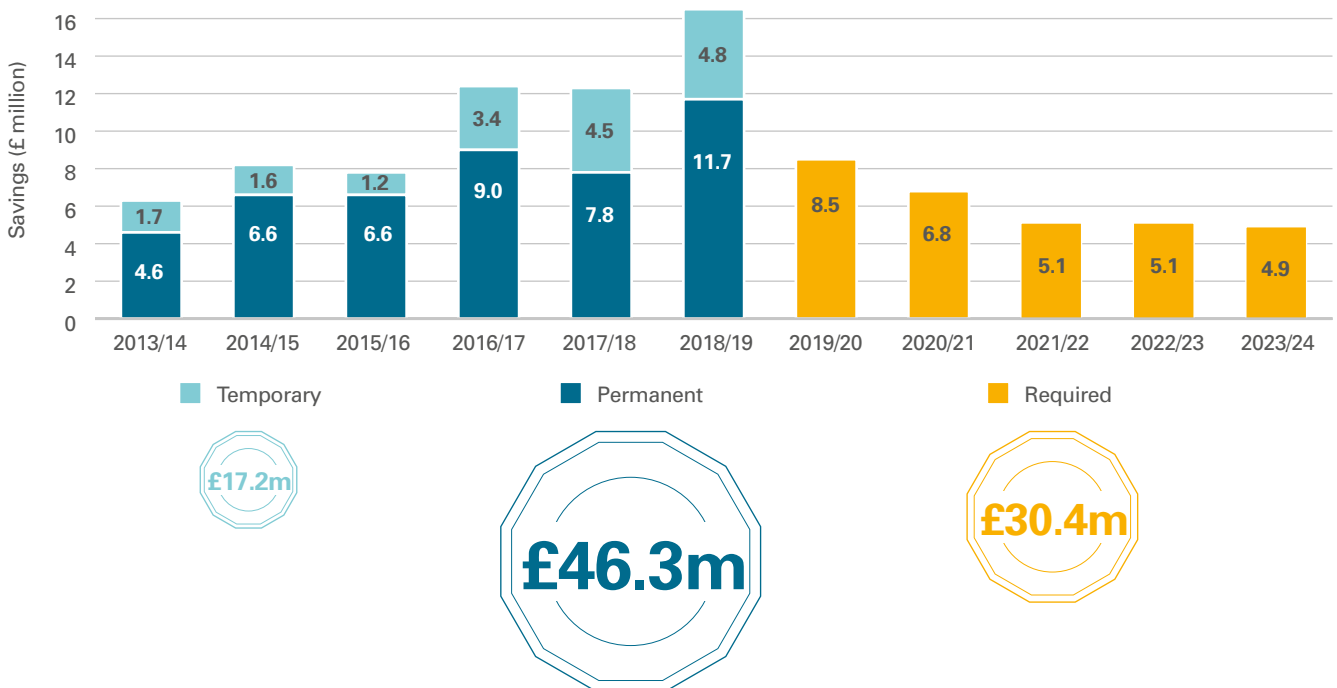
Source: Scottish Borders Council

Workforce management has developed gradually and workforce planning remains challenging. The council should do more to understand and act on the views of staff

The council recognises that workforce planning needs to be developed further
90. The council faces a number of workforce challenges. For example, the age profile of the council's workforce has implications for its evolving composition in future and the recruitment activity that will be needed to replace retirees. It may

be more difficult to attract and retain officers to senior management roles than for a larger and more urban council. The council also faces private sector competition for staff with transferable skills at lower grades.

91. The 2010 Best Value audit found that workforce planning needed to be developed further and applied across the council. There have since been improvements. For example:

- A medium-term strategic people plan for 2016–21 is in place. It recognises the challenges of geographical location and in terms of succession planning.

- People plans are more integrated with the business and financial planning cycle. The council intends to integrate workforce priorities into each service's team plan to help them plan for the future, meet their service objectives, stay within budget, meet savings requirements and maintain a suitable workforce that is fit for the future.

- Progress is being made with new initiatives such as WorkFlex Borders, which is being trialled to improve the use of bank and casual staff, and with a 'grow your own' approach to recruiting and retaining teaching staff.

- One of the seven strands in the council's Fit for 2024 programme focuses on the development of workforce skills, flexibility and working patterns.

92. The council still needs to develop longer-term workforce plans and ensure this work is integrated into individual service plans.

The staff appraisal process is being revised
93. The staff appraisal process is being refreshed to link it with the corporate plan. A competency framework has been developed for staff, with each competency linked to the corporate plan. New annual performance appraisal documentation, introduced during 2019, will be recorded on the Business World ERP system.

Sickness absence levels are similar to those for other councils
94. LGBF data for 2017/18 show sickness absence levels are similar to the Scottish average. In Scottish Borders Council, the sickness absence level for non-teachers was virtually unchanged from 11.0 days in 2013/14 to 11.1 days in 2017/18, compared to 11.4 days for Scotland overall. The level for teachers improved from 6.7 days in 2013/14 to 6.1 days in 2017/18, when it was only marginally worse than the 5.9 days for Scotland overall.

95. Over the past six years, the human resources (HR) Advisory Team (now a Case Management Team) has helped managers to tackle sickness absence. Concentrated HR support helps specific areas of the organisation to deal with attendance. However, the LGBF sickness absence data suggest the new arrangements have made a modest impact overall.

The council should do more to understand the views of staff
96. We reported in 2010 that employees were concerned about the extent and pace of change. During this audit, staff told us that they saw limited engagement between the CMT and the workforce and that the CMT lacks visibility. Wider staff views are unclear because there has been no council-wide staff survey since 2010.

97. The council should be proactive in seeking the views of the whole workforce more regularly and provide staff with feedback. This could be challenging for staff groups with limited access to office technology. The CMT is aware of the need to improve communication with staff and began a staff engagement programme during this audit. An ongoing series of roadshows for staff across the Scottish Borders is being used to explain the Fit for 2024 programme and to seek the views of staff. Some further information is now available to staff online and a council-wide staff survey is planned for late 2019.

The council conducts effective options appraisals

98. There is evidence that the council undertakes effective options appraisals when tackling significant decisions. Options appraisals and business cases for changes to services – such as the outsourcing of ICT, setting up a trust for delivering cultural services and developing a long-term approach to the school estate – are presented to members for consideration. The Audit and Scrutiny Committee, in respect of its scrutiny functions, examines key decisions, including assessing whether projects have achieved their stated aims and achieved predicted savings. For example, the council's investment in superfast broadband was assessed and reported on at the end of 2018 and the outsourced ICT contract was scrutinised in April 2019.

Procurement performance is good and improving

99. Procurement is handled by a central team. Its Commercial and Commissioned Services Strategy sets out a five-year approach and includes sustainable procurement policies. Performance against the strategy is reported annually.

100. The council spent £157.4 million with third party suppliers in 2017/18. Of this, £30.7 million of expenditure was through 105 regulated contracts, including £16.5 million with local suppliers. Regulated procurement activity is governed by the Procurement Reform (Scotland) Act 2014. The council has adopted the Scottish Living Wage (SLW) and facilitated payment of the SLW to care and support workers across the Scottish Borders.

101. Scotland Excel is the national centre of procurement expertise for the local government sector. The council participates in 55 (93 per cent) of Scotland Excel's framework contract agreements. Scotland Excel's Procurement and Commercial Improvement Programme (PCIP) assesses a council's procurement performance, with a focus on the policies and procedures driving procurement performance as well as the results they deliver. It includes an element of self-evaluation, so the onus is on a council to be open and transparent. The council's PCIP performance improved from 72 per cent in 2016 to 78 per cent in 2018, remaining in the top performance band (for performance of over 70 per cent). Scotland Excel identified a small number of areas for improvement and plans to assess the council's procurement performance again by June 2021.

102. A contract management framework for the council is being developed by a working group, established in 2018. The framework is intended to give the CMT and managers assurance that contract-related risks are being considered and managed effectively. The council expected to implement its new framework in the course of 2019.

Part 4

Is the council working well with its partners?

The council is a key partner in a number of complex and ambitious economic initiatives. Leadership capacity will continue to be required to drive them forward.

Partnership working with NHS Borders, through the IJB, could be improved. The council has made good progress with other aspects of joint working.

Where the council provides services through ALEOs, the risk of potential conflicts of interest needs to be carefully managed.

With leadership from the council, the CPP needs to finalise and implement its locality plans. It also needs corresponding arrangements for performance management and reporting.

Complex and ambitious regional economic initiatives will continue to require leadership capacity to drive them forward

The Borders Railway reopened successfully in 2015

103. The Borders Railway is the longest new domestic railway built in the UK for over 100 years. It was developed in partnership with the Scottish Government, Scottish Enterprise, Transport Scotland, VisitScotland and the City of Edinburgh and Midlothian councils. Since it reopened, the railway has spurred economic development and driven housebuilding, and increased demand for some council services. Evaluations by Transport Scotland say that the railway is achieving the investment objectives set out in its original business case. The railway continues to be a key feature in the region's economic development.

The Edinburgh and South-East Scotland City Region Deal ⓘ was formally signed off in 2018

104. This is a partnership between six councils (Scottish Borders plus the City of Edinburgh, East Lothian, Fife, Midlothian and West Lothian) together with universities and colleges, the Scottish and UK Governments and the third and private sectors. The UK and Scottish governments will jointly invest £600 million over the next 15 years, with regional partners committed to contributing over £70 million.[19] An outline agreement between the partners was agreed in July 2017 and the deal was formally agreed by partners in August 2018.

City Region Deal

An agreement between the UK government, Scottish Government and one or more councils to invest in cities and their regions.

105. A joint committee, which includes leaders from all the councils, oversees the implementation and monitoring of the deal, supported by a programme management office and several advisory boards. The joint committee meets quarterly and reports to the Scottish and UK governments via a joint delivery board. Deal partners plan to review governance arrangements every six months.

106. As part of the deal, the council approved a business case for the Central Borders Innovation Park in Tweedbank, in January 2019. This evolved from the council's masterplan for Tweedbank, to maximise the economic impact of the Borders Railway. It will be funded by £15.0 million from the deal over a 15-year period and £14.1 million from other sources including £5.0 million from the council.

The Borderlands Inclusive Growth Deal began in 2018

107. In September 2018, a bid was submitted to the UK and Scottish governments by five councils that straddle the border between Scotland and England: Scottish Borders, Dumfries & Galloway, Carlisle City, Cumbria County and Northumberland County. The Scottish Government announced, in March 2019, a commitment of £85 million towards the deal over a decade. The UK Government then unveiled a £260 million contribution the same month. The deal partners, including the councils and the UK and Scottish governments, anticipate their overall investment of £395 million could generate 5,500 new jobs.[20]

108. Funding has been confirmed for some projects, subject to full business cases, including up to £19 million from the UK Government for a mountain biking innovation centre in the Scottish Borders. In addition, up to £5 million will be made available by each government to progress the evidence base, the options appraisal and the feasibility work for extending the Borders Railway from Tweedbank to Carlisle.[21] The outline agreement was published in June 2019.

The South of Scotland Enterprise Agency could be operational in 2020

109. As part of its Enterprise and Skills Review, the Scottish Government committed to create the South of Scotland Enterprise Agency covering the Scottish Borders plus Dumfries & Galloway. In 2017, the Scottish Government set up the South of Scotland Economic Partnership (SoSEP) as an interim solution to ensure that the south of Scotland benefits from economic development as soon as possible. The SoSEP involves representatives from business, the third sector, further and higher education, and key public sector partners.[22] The aim is for the agency to be operational by April 2020.

Partnership working with NHS Borders could be improved

A proposal for a single public authority was not progressed

110. The council and NHS Borders serve the same geographical area and they have worked well in partnership on a number of issues over time, such as their joint appointment of the Director of Public Health, one of the first in Scotland.

111. In response to the Scottish Government's national review of local governance in 2018/19, the council proposed the exploration of a single public authority for the Scottish Borders area.[23] It was described as a starting point for dialogue with the Scottish Government and COSLA. However, while the proposal was reported to full council in September 2018, it did not receive the full support of the wider public sector community in Scottish Borders at that time and has not been progressed.

The Scottish Borders Health and Social Care Integration Joint Board recognises it has more to do and developed a detailed improvement plan

112. The Scottish Borders Health and Social Care Partnership Integration Joint Board (IJB) assumed responsibility for the planning and commissioning of health and social care services from April 2016. It includes adult social care, community health services and those hospital services typically associated with the emergency care pathway (also known as unscheduled care). It is jointly funded by the council and NHS Borders, from which it also commissions services. The IJB's strategic plan for 2018–21 was renewed in 2018/19.

113. NHS Borders is at level four out of five in the NHS performance scale (meaning 'at significant risk'). It received Scottish Government support of £10 million to help it break even in 2018/19. A similar budget shortfall is anticipated in 2019/20. This has serious implications for financial planning by the IJB, which has yet to set its 2019/20 budget. It also has implications for the council, which is a partner in the IJB and appoints members to its board.

114. In March 2019, the Scottish Government's Ministerial Strategic Group for Health and Community Care (MSG) issued a self-evaluation template to health and social care partnerships as part of an evaluation of progress with the integration of health and social care. The IJB worked with the council and NHS Borders to carry out the self-evaluation and submitted a return to the MSG in May 2019. The self-evaluation was carried out against proposals, with each proposal being assessed as either 'not yet established', 'partly established', 'established' or 'exemplary'. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in six areas and exemplary in none. The area assessed as not yet established relates to agreeing budgets timeously. The IJB has identified improvement actions it needs to take forward.

115. Working with partners, and in particular the council, the IJB has brought in new ways of working and providing services, for example the development of the 'step-down' facility at Craw Wood (now Gardenview) and a hospital-to-home service. In 2018/19, the IJB introduced a real-time directory of available care home beds and specialist services, to allow these to be matched to patients. These developments are part of a programme of work to reduce delayed discharges in the NHS environment. However, financial constraints and an NHS board which is needing to focus on its financial sustainability mean that the IJB has made less progress than it might have.

The IJB's governance arrangements would be strengthened by regular attendance at board meetings

116. The IJB is governed by a board. Two meetings of the board, at the end of 2018 and beginning of 2019, were inquorate (not enough board members attended) and important decisions were deferred to subsequent meetings. Inconsistent attendance at board meetings may indicate a lack of commitment and it risks undermining the board's effectiveness. Challenges have also arisen from the rapid turnover of senior IJB officers. There have been four chief officers since the IJB was established in 2016, and no permanent chief financial officer. The lack of continuous leadership has impaired the IJB's progress. However, there is now continuity in the position of chief officer and a refreshed effort by the council, NHS Borders and IJB to address their shared challenges cooperatively.

117. The IJB receives quarterly performance updates and is required to produce an annual performance report. An Integration Performance Group (IPG) was

established in mid-2018, with performance leads from the health board and council. It coordinates performance information for the IJB and has led on developing indicators for the IJB's performance reporting. A performance management framework was developed by the IPG and introduced in early 2019. It aims to build a culture focused on longer-term trends and continuous improvement.

The council has made good progress with other aspects of joint working and recognises there are further opportunities

118. The 2010 Best Value audit found that some jointly provided services were in place. These included services for people with mental health and learning difficulties, and for community safety, criminal justice and town centre regeneration. The Community Health Care Partnership (since superseded by the IJB) had made progress with joint commissioning teams for mental health, drugs and alcohol-related services.

The council works with Midlothian Council

119. In November 2017, the council agreed to a shared chief internal auditor post with Midlothian Council. The post leads both councils' internal audit teams at a strategic level and is supported operationally by principal auditors in each council. In November 2018, the council agreed to continue to share internal audit services permanently, after a pilot demonstrated positive outcomes including the sharing of expertise, knowledge and best practice across both organisations.

The council works with Police Scotland

120. In April 2018, a community action team (CAT) was launched to tackle antisocial behaviour in the Scottish Borders. A team of police officers funded by the council reports to Police Scotland's local area commander. Their work is normally coordinated by the Scottish Borders Safer Communities team in the council's HQ, using local intelligence to address specific community issues. Progress reports are submitted to the Police, Fire and Rescue and Safer Communities Board, whose membership includes council members. The success of the CAT saw the council identify funds in its 2019/20 budget for a second community action team.

The council is involved in other successful joint working

121. Further examples of joint working that have developed over time with other public and third sector organisations include:

- The alarm monitoring and out-of-hours social work service – the team works in cooperation with other council services and with agencies such as the Police, health services and SB Cares. Benefits include access to a well-established service using modern technology, at a competitive cost. Clients benefit from a quality service.

- Mobile library service – Live Borders manages this service for Scottish Borders, Midlothian and East Lothian councils. Vehicles regularly visit communities without a permanent library, and their routes are visible online.

- Galashiels Resource Centre – this day centre for adults with mental health needs is run jointly with NHS Borders, using a shared budget for equipment.

- The Scottish Borders Diabetes Prevention Partnership – it aims to help prevent diabetes by offering activities and programmes that promote healthy lifestyles, and to raise awareness of the risk factors.

The council recognises opportunities for further joint working

122. In its Fit for 2024 change programme the council considers that, with financial pressures increasing, there are still 'significant opportunities' for greater sharing of resources, assets and expertise with a range of partner organisations. The council has committed to developing a framework for joint working with partners, alongside targets for clear benefits and savings to be achieved, including:

- options for shared back-office services with partners

- increased co-location of key staff, particularly those in joint services

- income opportunities for the council to deliver key functions for others

- opportunities to commission key functions from partners.

Where the council provides services through arm's-length external organisations ⓘ, the risk of potential conflicts of interest needs to be managed carefully

123. The bodies in Exhibit 9 are part of the Scottish Borders Council group. The statutory code of practice on 'funding external bodies and following the public pound' cautions councils about appointing councillors or officers to the board of management of an arm's-length external organisation (ALEO). This can limit the body's ability to operate 'at arm's length' and raises the risk of a conflict of interest.[24] A board member risks having divided loyalties between their council and board roles. The code says councils must ensure that officers and members are properly advised of their responsibilities to the council and the ALEO.

> ⓘ
>
> **Arm's-length external organisation (ALEO)**
>
> A separate organisation that is established by a council to provide services on its behalf.
>
> Source: *Councils' use of ALEOs,* ⬇ *June 2018*

Exhibit 9
Main bodies in the Scottish Borders Council group
The council has established a range of ALEOs to provide services on its behalf.

	Name	Type	Purpose
	Live Borders	**Charitable trust**	**Culture and leisure**
	SB Cares – comprising		
	• Scottish Borders Cares	Limited liability partnership	Adult social care
	• Scottish Borders Supports	Limited liability partnership	Adult social care
	Bridge Homes	**Limited liability partnership**	**Affordable housing**

Source: Scottish Borders Council

Live Borders is a charitable trust

124. Live Borders was established by the council in 2016 as a charitable trust to deliver a broad range of services and manages arts centres and venues, libraries and archives, museums and galleries, and sport and leisure services. The board of management includes the council convener. Performance reports are presented to the council's Executive Committee twice yearly. Reports published on the council's website show performance against targets and include summary financial information. There is clear accountability between the trust and the council.

SB Cares is the trading name of two limited liability partnerships

125. Two limited liability partnerships (LLPs) form SB Cares: Scottish Borders Cares LLP and Scottish Borders Support LLP and the council is the only shareholder of both. SB Cares employs around 880 staff to provide adult social care services. The council considers that SB Cares enables it to achieve greater efficiency and flexibility through a more commercial approach under a specialist board; and to generate income through providing additional services.

126. The managing director of SB Cares (0.8 whole time equivalent (WTE)) is also an executive director of the council (0.2 WTE). SB Cares has its own branding and board of management and its external auditor is a private firm. SB Cares officers meet quarterly with the council's Major Contracts' Governance Group, which exercises review and scrutiny, and its papers are published on the council's website. There is potential for a conflict of interest between the postholder's responsibilities as managing director of an ALEO and their council executive director role. The council acknowledges this risk and arrangements are in place for the managing director of SB Cares to provide an annual assurance statement to the council chief executive. Nevertheless, as stated previously, this contradicts the guidance on *Councils' use of ALEOs* ⊕ and the arrangements which give rise to this unusual line of accountability should be subject to periodic review.

Bridge Homes is wholly owned by the council

127. With the support of the Scottish Futures Trust Investments Ltd (SFT), the council established a council-led house building programme to deliver more affordable housing for the rental market in the Scottish Borders. Bridge Homes LLP is wholly owned by the council. The council has provided Bridge Homes LLP with a loan facility of up to £18.8 million to enable it to deliver affordable homes in line with the council's housing strategy.

128. The board of Bridge Homes has two senior council officers and one SFT senior officer. It meets quarterly and the financial viability of projects requires approval by all three directors. The council established these arrangements to minimise the exposure of officers to a potential conflict of interest.

The CPP's governance arrangements have evolved over the years

129. The council has a statutory, central leadership role in the **community planning partnership (CPP)** ⓘ. Before September 2016 the CPP had a strategic board with representatives from the council, other public bodies and other sectors. Meetings were attended by observers from the Scottish Government and community councils. The arrangement was a pragmatic way for the council to administer CPP meetings and it ensured that decisions of the strategic board became formal council decisions. However, decision-making risked being protracted. If a matter could not be decided by the strategic board, it had to be raised through the appropriate governance arrangements of individual

ⓘ

Community Planning Partnerships (CPPs)

Statutory forums for councils, NHS boards and other public and third sector bodies, such as charities and voluntary groups, to work with local communities to plan and deliver better services.

partner bodies and then returned to the Strategic Board for a final decision at a later date.

130. In September 2016, a new CPP structure and membership were adopted. A large consultative group now informs the CPP's strategic direction. It meets annually and it is no longer a council committee. A smaller strategic board makes decisions and ensures that the CPP's strategic direction is followed. Its papers are published transparently and accessibly on the council's website. It normally meets quarterly and remains a formal council committee for administrative purposes. Formal business is concluded within a meeting of the strategic board or at separate, additional board meetings. The Joint Delivery Team has become the Joint Programme Board, supporting the strategic board and consultative group.

131. Five area partnerships correspond to the locality plan areas used by the council and the IJB: Berwickshire, Cheviot, Eildon, Teviot and Liddesdale, and Tweeddale. Council members find these partnerships important for listening to local stakeholders' views on key themes.

132. Over the past two years, the council has met 68 community councils across the Scottish Borders. These jointly have one representative on the CPP consultancy group. The council is considering how community councils can be engaged and heard in order to better inform planning at locality and CPP-wide levels, and aid planning by the council itself. Community councils have a statutory role, on planning matters in particular, that pre-dates the Community Empowerment (Scotland) Act 2015. The council recognises scope for the council and the CPP to improve their engagement with the third sector, which has one representative on each of the strategic board and consultative group.

The CPP has been slow to implement the Community Empowerment (Scotland) Act 2015

133. The Act aims to give communities more influence over how their council and its partners plan and provide services. It also establishes ways for residents to get more involved in local decision-making and service provision. A council is required to work with its community planning partners to engage with community bodies and improve local outcomes. Joint efforts and resources should be targeted on areas of greatest need to reduce inequalities.

The CPP's local outcomes improvement plan was produced late
134. Each CPP must publish a local outcomes improvement plan (LOIP). This plan should prioritise geographical areas for improving outcomes, the improvements it aims to achieve and the timescales. It should also link with outcomes set out in the National Performance Framework. Work to develop the Scottish Borders LOIP was led primarily by the council. The LOIP, termed the community plan by the CPP, was first produced in November 2017. It included a vision, four themes, 15 target outcomes and was updated in May 2018.

The CPP's locality plans are two years late and incomplete
135. The Act requires a CPP to prioritise the areas of a council that have the poorest outcomes and publish one or more 'locality plans' to improve target outcomes for those areas. A locality plan should be co-produced with the community; prioritise which local outcomes will be improved; and have timescales for improvements. Statutory guidance required locality plans to be in place by October 2017.

136. Over the past few years the council has undertaken extensive engagement with stakeholders including 68 community councils, third sector bodies, registered social landlords and economic development bodies. This engagement has improved the understanding that the council and its CPP partners have of the communities they serve.

137. The CPP's strategic board decided to commission a locality plan for each of all five Borders localities simultaneously. It did not prioritise localities or communities with the worst levels of deprivation or the poorest outcomes on issues such as health and education. All five locality plans remained in draft when they were considered by the CPP's strategic board in June 2019. Although they reflect the themes of the community plan, they will not be integrated with the community plan until they are finalised. Ambitions in locality plans have not been costed and are therefore not yet reflected in budgets of the council or its CPP partners. The strategic board was not advised when the locality plans would be finalised.

138. The IJB has its own set of locality plans, covering the period 2017–19. The IJB and the council recognise the benefits of merging their two sets of locality plans. The decision whether to merge the plans will be considered when the locality plans are due to be refreshed. No timescale has yet been set for refreshing the CPP's locality plans.

Community Asset Transfers (CATs), participation requests and participatory budgeting are all at an early stage

139. Since January 2017 community groups have had a right to ask relevant public authorities to transfer land or buildings that they feel they could use more effectively. The council developed its own guidance on CATs in 2011. Council officers and the council's CPP partners have worked with community groups over the past two years to build capacity to encourage CATs. The CPP has also funded a Men's Shed Development Officer to build capacity on this specific issue.

140. Nonetheless, the scale of CATs has been limited. There have been over 30 enquiries regarding CATs during the past two years. Of these, three have progressed to the submission of a formal application and one has been approved. The council recognises it is responsible for ensuring that CATs are viable and sustainable. It appreciates that progressing CATs is at an early stage and will require further promotion and support by the council and its CPP partners.

141. From April 2017, communities have had a say in how the council should spend money locally. In October 2017, the Scottish Government and COSLA agreed a joint framework to support councils moving towards at least one per cent of their budgets being subject to participatory budgeting (PB) by 2021.

142. The council allocated £500,000 to its Localities Bid Fund (LBF) for piloting participatory budgeting. The LBF is split across the five locality areas (according to their population) to support community projects and initiatives. Round 1 saw £204,000 distributed across 18 projects in 2018. In 2019, Round 2 distributed £296,000 across 40 projects.

143. The council has received seven participation requests. Three have been agreed. In its 2019/20 budget, the council pooled £1.2 million from numerous pre-existing community funds into a single, centralised community fund. Its

purpose is to support communities in taking forward locally-agreed community priorities and solutions. Fit for 2024 anticipates that equipping each locality with its own share of the Community Fund will help provide community groups with a single point of entry for making PB requests.

The CPP has been slow to empower and engage communities

144. While the council engaged communities as it developed the CPP's community plan and locality plans, limited progress with community asset transfers, participation requests and participatory budgeting shows there is room for improvement. The council's corporate plan for 2018-23 sets out how it plans to engage with and support communities. Enhanced community engagement, participation and empowerment is a key strand of the Fit for 2024 programme. It will be important for the CMT to report regularly on progress regarding community engagement to council members and the CPP's strategic board.

The council and its CPP partners need to be able to measure progress against the community plan and locality plans

145. It is difficult for the council and its partners to determine progress because some indicators and measures in the community plan are not measurable or lack short-term and medium-term targets. Progress reporting includes little analysis of how activities drive performance or deliver improvements for local people. There are no arrangements to track the implementation of locality plans and these are not linked to either the CPP's community plan or the council's plans. A comprehensive performance management framework is needed.

Part 5

Is the council demonstrating continuous improvement?

Since the 2010 Best Value report, the council has made steady progress. However, it now recognises it needs to up the pace of change.

By developing the Fit for 2024 programme, the council recognises the degree of transformational change required to meet its challenges. Progress will require good leadership by council members and the CMT, and by fostering staff ownership of the programme.

Embedding and sustaining a consistent approach to self-evaluation and performance management will help the council to manage its transformation programme and deliver improved outcomes for local people.

The council has made steady progress since 2010 and recognises its needs to up the pace of change

146. The last Best Value audit in 2010 found that the council had a good awareness of its own capacity and need for improvement, clear strategic direction and had a coherent business transformation programme.

147. The Accounts Commission urged the council to develop fully the mechanisms for testing and scrutinising value for money across its services, and its capacity to present robust options appraisal. It had set a challenging efficiency savings target, and its processes for managing performance needed to become firmly established to support the delivery of this target. The council needed to ensure that it had the capacity to deliver its programme.

The council has made good progress on some issues but more limited progress on others

148. The Business Transformation Programme (BTP) for 2010–15 overlapped the previous administration's term of office from 2012 to 2017 and led to budget savings of £17.8 million. It was succeeded by the Corporate Transformation Programme (CTP) in 2015. In 2015/16–2018/19, the council reported £49.0 million of savings

from its revenue budget, including £35.1 million of recurring savings (Part 3). Financial management and planning works well, and the council conducts options appraisals effectively.

149. The 2010 audit reported that workforce planning and staff appraisal needed to be further developed across the organisation. Workforce management has since developed slowly and planning the workforce remains challenging. The council's staff appraisal process is being refreshed in order to link it with the council's corporate plan. A competency framework has been developed for staff, with each competency linked to the corporate plan. New annual performance appraisal documentation, introduced during 2019, will be recorded on the council's Business World ERP system. The council has begun a programme to improve communication with staff but should do more to understand their views.

150. The public's satisfaction with certain council services has declined, for example in leisure and recreation. This was anticipated by the council as a consequence of budget reductions and their impact on service quality. National indicators show that from 2013/14–2017/18, the council's performance was mostly good and improving in the key areas of education and social care, although it was mixed overall.

151. The 2010 audit urged the council to develop mechanisms for testing and scrutinising value for money across services and that its process for managing performance needed to become more firmly established. The most recent revision in its approach to performance management, in 2018, was a further step in the right direction but there remains scope to adopt a more consistent, corporate approach to self-evaluation and benchmarking to drive continuous improvement. Pace has also been relatively slow in implementing the Community Empowerment (Scotland) Act.

152. While the council has good foundations in place, there is more to do to fully embed and demonstrate Best Value.

The council's Fit for 2024 transformation programme is wide-ranging. Its implementation needs buy-in from staff and an action plan to help drive and demonstrate progress

153. The council launched the Fit for 2024 corporate transformation programme in February 2019, recognising action is needed to meet future challenges (Exhibit 10, page 46). The programme aims to make the council more innovative and increase the pace of change. It addresses a comprehensive range of improvement activities that the council needs to undertake.

154. Fit for 2024 is a significant programme that will require leadership from members and senior officers to secure staff engagement, which will be key to its success. A measurable and realistic action plan needs to be developed to monitor delivery of the programme and provide a basis for transparent reporting and accountability to members, the council's partners and the public.

Exhibit 10
Fit for 2024 programme
In February 2019 the programme set out seven wide-ranging areas of work.

Areas of work

1. Whole-council service review and redesign

There is now a need for a more consistent approach, across every council service, that is designed to meet future demands. This will be sponsored by the relevant service director but will be led by an objective review team, which includes officers from key corporate services and other non-service specific challenge. A comprehensive plan/timetable for these reviews will be developed, which prioritises those services which offer the greatest scope for change, improvement and financial savings. Every service review will have clear targets in terms of anticipated benefits, including financial savings, service improvements and capacity to meet future demands.

2. Enhanced community engagement, participation and empowerment

There must be a greater focus on supporting communities to participate in the shaping and enhancing of community resilience and quality of life across the Scottish Borders. This will require a different approach: building capacity and supporting communities' participation in local decision-making, with further investment and greater coordination of efforts and resources across the council and all our partners and local communities.

3. Best use of physical assets, assisted by the council's Corporate Landlord model

Fit for 2024 will drive innovation and creativity in how investment is used to best effect. The council will need to be bolder and braver in its estate decisions, engaging communities and partners in dialogue about how, together, we meet changing customer needs and community demands. Along with our partners and the communities, a joint approach is required to rethink and reshape the collective property portfolio.

4. Investment in well-planned and designed Digital solutions

Working with the council's strategic IT partner, CGI, Fit for 2024 will take a long-term approach to develop future-proof digital solutions that offer greatest value and maximum benefits. The council recognises the need to realise more benefits from its investment in new systems such as through the Digital Customer Access project and the roll-out of Office 365 across all IT users in the council. Fit for 2024 will ensure the full Digital Programme will align with corporate priorities to enable changes, improvements and savings in the Financial Plan to be achieved.

Cont.

Exhibit 10 (continued)

Areas of work

5. Development of the workforce's skills, flexibility and working patterns

- Demand-led working – demands for all services and a re-alignment of resources and working patterns.

- Talent management and development to increase flexibility for individuals and staffing resources.

- Increased opportunities for cross-departmental and inter-agency sharing of skills and officers.

6. Optimising partnership resources

There are significant opportunities for still greater sharing of resources, assets and expertise with a range of partner organisations. Fit for 2024 will develop a clear framework for shared services with partners, coupled with targets for tangible benefits and savings to be achieved from these arrangements. Specific areas that will be further explored immediately are:

- Options for shared back-office services with local partners.

- Increased co-location of key staff, particularly those in joint services.

- Income opportunities from the council delivering key functions for other bodies.

- Opportunities to 'commission' key functions from partners.

7. Process improvements and productivity

Fit for 2024 will set out an ambitious programme of process improvement and productivity work that enables the council to sustain or enhance both service delivery and quality levels, while requiring less input of resources. This council-wide programme will streamline back-office activity and increase the productivity levels of frontline services. Much of this work will be underpinned by digital investment and automation opportunities but it will also aim to stop activity that adds no value to the council's customers. This work will use both internal and external skills to:

- Systematically review every resource-intensive or high-volume back-office process across the council.

- Explore areas of potential increased productivity in all services, particularly those areas with greatest spend or resource requirements.

- Automate processes where possible; cease activities where no value is ultimately added to customers or services.

Source: Scottish Borders Council

Internal Audit has also recommended improvements that the council should act on

155. Internal Audit plays an important role in the council's overall system of internal control. Internal Audit findings and recommendations on specific issues are reported during the year to the Audit and Scrutiny Committee (Audit function), as is the annual statutory audit opinion within the Internal Audit Assurance Report. These reports informed the council's Annual Governance Statement 2018/19, the draft of which was reported to the Audit and Scrutiny Committee and included areas for improvement (Exhibit 11).

Exhibit 11
Annual Governance Statement
In May 2019, the council's draft Annual Governance Statement identified scope for improvement in eight areas.

Areas of work
Commence a more ambitious change and transformation programme through a consistent approach to enable delivery of efficient and effective services to customers in a sustainable way, collaboration with communities and other partners, optimised utilisation of assets across localities, digitally led process improvement, and focus on delivering positive outcomes.
Consolidate and refine procedures and practices to ensure comprehensive data and information management across the council and within each service in all relevant aspects of service delivery to ensure ongoing compliance with legislation and regulations.
Continue implementing the performance management framework which will include the full application of appropriate and proportionate self-assessment processes in all council services as a self-evaluation tool to demonstrate achievement of Best Value.
Continue to ensure that financial, people and business plans are developed concurrently and continue to be aligned to the council's corporate plan and priorities, thus managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
The ongoing implementation of the Business World Enterprise Resource Planning (ERP) system to maximise use of its functionality, specified in solution design documents, and ongoing review of policies, procedures and guidelines of the key financial planning, management and administration processes linked to the financial regulations and of the HR procedures and guidelines associated with the implementation of the new Business World ERP System. Alignment with other computer-based systems and automation of routine processes.
Realise full benefits arising from the implementation of the corporate landlord model to review strategic asset management plans to inform investment in assets and infrastructure to ensure they are fit for the future and reduce the council's property footprint.
Continue to monitor the contract performance outcomes of strategic external service providers, in particular in light of the changing landscape for the public sector.
Review of the complaints handling procedure to ensure consistency of approach across the council for dealing with complaints including raising staff awareness of customer care to fully utilise customer information and improve services through digital customer access.

Source: Scottish Borders Council

156. Some of these proposals overlap with the Fit for 2024 programme Exhibit 10 (page 46). It will be important for these to be reflected in the implementation of the Fit for 2024 programme.

157. Exhibit 12 compares findings from the 2010 audit to judgements from this audit.

Exhibit 12
A comparison of 2010 Accounts Commission findings and 2019 audit judgements.
The council has made good progress since 2010 but there is room for improvement in a number of areas.

Accounts Commission finding 2010	Controller of Audit judgement 2019	View
Strategic direction		
The council benefits from strong, political and management leadership and has effective governance.	Members and officers demonstrate a strong commitment to working together for the fulfilment of the council's vision. Effective governance arrangements ensure opportunity for challenge and scrutiny.	Part 1
The council has a good awareness of its own capacity and need for improvement and has set out a clear strategic direction.	The council's vision for 2017–22 prioritises six strategic themes, reflecting long-standing challenges. The council needs to embed and sustain a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.	Part 1
Performance		
The council delivers services which are generally of good quality, have improved in recent years and are well regarded by the local community.	Performance is good or improving in the key service areas of education and social work. However, the council is below average on many other national indicators. The council reports, in respect of its own indicators, performance is improving on around half. Residents are more satisfied with the council's services than national data would suggest.	Part 2
The Commission particularly welcomes evidence of good and improving service delivery within social work and education services.	Performance is good or improving in the key service areas of education and social work. Education services continue to perform well overall. Outcomes for children are above the national average and improving. Social work and social care services' performance is mixed but improving.	Part 2
Progress has been slow on improvement on some important areas highlighted in the 2007 Best Value audit of the council, such as regulatory and technical services, roads and asset management.	The council has made steady progress overall since the 2010 Best Value audit but has more to do to demonstrate Best Value on some matters. The council needs to embed and sustain a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.	Part 2
		Cont.

Accounts Commission finding 2010	Controller of Audit judgement 2019	View
Performance/resources		
We would urge the council to ensure that it develops fully the mechanisms for testing and scrutinising value for money across its services, and its capacity to present robust options appraisal.	The council needs to embed and sustain a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.	Part 2 Part 3
Resources		
The Commission particularly welcomes the council's simplified staff grading system, which will potentially increase opportunities for more flexible working and development. Workforce planning and staff appraisal do, however, need to be further developed and applied across the organisation.	Workforce management has developed gradually and planning the future workforce remains challenging. The council has begun a programme to improve communication with staff but must do more to understand and act on their views. The council's Fit for 2024 programme includes a workforce focus.	Part 3
The council has had a coherent Business Transformation Programme (BTP), although progress against it has been slower than anticipated. The council needs to ensure it has the capacity to deliver its programme.	From 2010–2018 the council made good progress with its transformation agenda. Recognising a need to further increase the pace of change and be more innovative, the council embarked on Fit for 2024, a corporate transformation programme, in February 2019. This is intended to be a five-year rolling programme that will improve how the council is managed and save £30 million. The council should ensure there continues to be sufficient capacity to implement this programme while continuing to deliver public services.	Part 3
The council has set a very challenging efficiency savings target, and its processes for managing performance need to become firmly established to support the delivery of this target.	The council has a good track record of making savings. It demonstrates effective financial planning and management arrangements. In common with other public sector bodies, its financial outlook is challenging.	Part 3
Partnership		
The council works well with its partners and we welcome evidence of effective collaboration on services such as health improvement, jointly funded social care, community safety and child protection. The Commission welcomes particularly notable examples of partnership working such as the co-location of services in Peebles and the equalities and diversity officer jointly funded with NHS Borders.	Partnership working with NHS Borders, through the integration joint board, needs to improve. The council has made good progress with other aspects of joint working and recognises there are further opportunities for this. The council is a key partner in complex and ambitious economic initiatives.	Part 4

Source: Audit Scotland

Recommendations
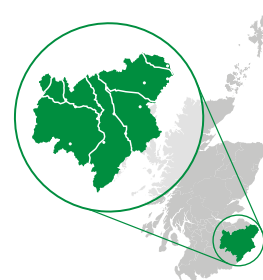
The council should:

Embed a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking. (paragraph 67)

Seek to improve partnership working with NHS Borders in order to support the strategic objectives of the Scottish Borders Health and Social Care Integration Joint Board. (paragraphs 112–116)

Improve how the Scottish Borders community planning partnership involves communities and the third sector, through greater involvement in local decision-making and by accelerating implementation of the Community Empowerment (Scotland) Act 2015. (paragraphs 133–144)

Establish a structured programme of ongoing staff consultation and engagement. (paragraphs 36–37, 96–97, 153–154)

Update its people plan for 2017–21 and ensure longer-term workforce plans are reflected in service and financial plans. (paragraphs 90–92, 149)

Support members' continuing professional development by tailoring training to meet their individual needs, and use technology to make training more accessible. (paragraphs 28–29)

Ensure performance reports to members and the public are more comprehensive and balanced, and that they cover service performance and delivery of the Fit for 2024 programme. (paragraphs 71–72, 145–151)
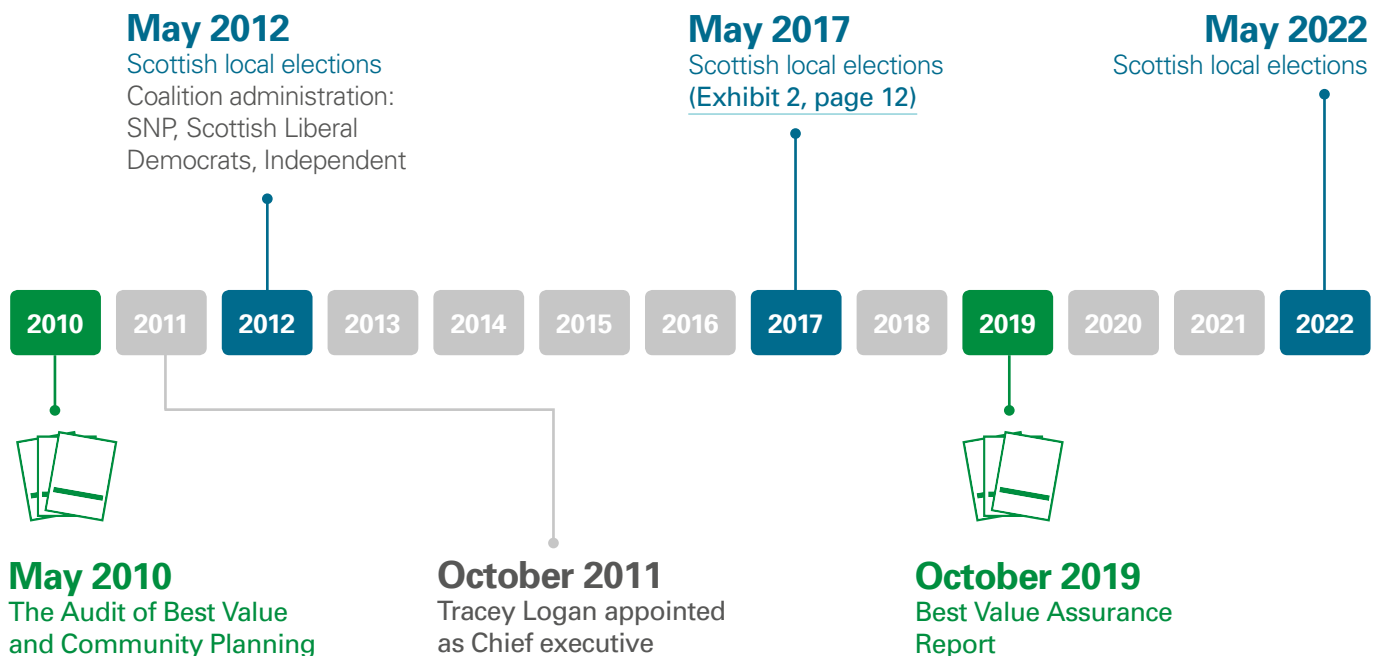
Endnotes

1   *Corporate Plan for 2018-2023: Our plan and your part in it*, Scottish Borders Council, February 2018.

2   *Land area and population density by administrative area, mid-2018*, National Records of Scotland, April 2019.

3   *Mid-2017 population estimate Scotland*, National Records of Scotland, June 2018.

4   *Scottish Borders Community Plan 2018*, Scottish Borders Community Planning Partnership, May 2018.

5   *Introducing the Scottish Index of Multiple Deprivation 2016*, Scottish Government website at 9 August 2019.

6   *Projected percentage change in population (2016-based)*, by age structure and Scottish area, selected years, National Records of Scotland, April 2018.

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Appendix

Best Value audit timeline

Council journey

May 2012
Scottish local elections
Coalition administration:
SNP, Scottish Liberal
Democrats, Independent

May 2017
Scottish local elections
(Exhibit 2, page 12)

May 2022
Scottish local elections

| 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |

May 2010
The Audit of Best Value
and Community Planning

October 2011
Tracey Logan appointed
as Chief executive

October 2019
Best Value Assurance
Report

May 2010. Best Value 2 pathfinder audit
The Commission found the council benefited from strong political and management leadership and had effective governance.

October 2019. Best Value Assurance Report
The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council.

This is the first assurance report on Scottish Borders Council. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's strategic objectives.

Best Value Assurance Report

Scottish Borders Council

This report is available in PDF and RTF formats, along with a podcast summary at:
www.audit-scotland.gov.uk

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