

**Final Report 10/08/23**

**Report for Chief Executives of Angus, Dundee, and  
Perth & Kinross Councils, and Managing Director of  
Tayside Contracts**

**Supported Self-Assessment of Tayside Contracts**

Keith Winter

## **Executive Summary: Supported Self-Assessment of Tayside Contracts**

The review undertaken consisted of a desk review, interviews of key parties and an assessment of the information against a collectively agreed brief issued in April 2023

The main conclusions from the exercise (leading to the key recommendations listed in the table at appendix 1 with the timescales involved set out as targets), are stated as follows:

- The relationship between the respective Councils and Tayside Contracts needs affirmed i.e., that Tayside Contracts is an affiliate organisation to the Councils collectively.
- To assist matters all the Councils should achieve a standing partnership agreement with Tayside Contracts for services across the undertaken activities.
- There is a clear need and benefit for Councils to have more standardisation on service delivery to assist effective and efficient, cost-effective delivery by Tayside Contracts, and a focus on Outcomes.
- An agreed medium term financial strategy looking out 3 to 4 years would assist all parties.
- There is a wide range of performance information, but there is not a single, performance framework available to transparently review performance and scrutinise activities. To see the overall picture and assess performance needs more focus and work.
- The financial arrangements and expectations of Tayside Contracts is not consistent across the three Councils. More needs done on this re the position on savings, paying for pay awards and extracting any efficiency gains by savings.
- The real focus for efficiency and finance must be the expansion of the activity turnover and therefore the budget surplus return levels possible to the Councils annually.
- To achieve business development and growth requires a different resource and focus which requires some structural adjustment in Tayside Contracts to free up resource to drive this, develop opportunities, but particularly case manage this through to conversion of opportunities into sustainable, profitable business, and maintain client relationships thereafter. The organisation needs to review its structure periodically.
- The possible areas for expansion, including any additional activity areas for the 3 local authorities currently involved, need assessed and agreed but the start is in place for this.
- Post Covid, the review of services and delivery models needs reviewed and reset. This needs consideration given the possible impacts on workforce and any mitigation possible through any practical redeployment available.

Overall, there is not any visible benefit, currently, for any or all the Councils stepping away from the Tayside Contracts model. All parties recognise that there are areas for improvement,

though this requires transparency, trust, and acceptance of some risk, by all involved, to optimise the approach, and maximise return from this unique model in the Scottish landscape.

## **1.0 SECTION 1 INTRODUCTION**

1.1 This assessment activity commenced in February 2023, via a briefing by the Managing Director of Tayside Contracts requesting an independent reviewer for a supported self-assessment of Tayside Contracts, commissioned jointly by the Chief Executives of Angus, Dundee City and Perth & Kinross Councils, and the Managing Director of Tayside Contracts. Through discussions and drafting between the client parties a finalised brief was issued on 3 April 2023. The brief comprised:

The assessment aims to: -

- build the capacity in Tayside Contracts to support evaluation of its own performance,
- continuously improve the quality of services delivered for partner authorities,
- offer independent evaluation and validation of Tayside Contracts' efficiency and effectiveness, within a contracting public sector framework.

This was to be achieved by establishing:

1. Is Tayside Contracts currently fit for the intended purpose of the organisation and as efficient as it can be?
2. Is the quality of services provided by Tayside Contracts being delivered at an optimal level and what level of service options could it provide to the constituent Councils?
3. Is the organisation taking appropriate steps to improve, and to secure further business opportunities?

### **Detailed Brief**

1. Evaluate the strengths and weaknesses of the shared services delivery model provided by Tayside Contracts, in terms of whether:
  - the organisation is effective and efficient, when benchmarked with other organisations (e.g., via APSE, ASSIST FM, or other benchmarking networks),
  - the strengths of the organisational model, organisational structure and functional arrangements/relationships with constituent Councils are being maximised,
  - appropriate PIs are in place to monitor and hold the organisation to account,
  - there is sufficient skillset and capacity to actively market, deliver and expand Tayside Contracts services to other major customers,
  - a risk-based approach is adopted to future commercial and/or income generating opportunities.
2. Review the measures undertaken and the further proposals of Tayside Contracts and the three constituent Councils to reduce costs, achieve efficiencies, deliver transformational change, and generate additional income; and provide conclusions on:

- a) The effectiveness of the measures carried out and the proposed actions.
- b) Recommendations on any further measures that could be undertaken to achieve savings, efficiencies, transformational change, or income generation,
- c) Identifying further measures that could be achieved, both led by Councils (e.g., service levels and standards), and those that would be led by Tayside Contracts (e.g., services provided to external customers/ new market opportunities),
- d) An assessment of the whole system approach, including interaction with and direction given by the 3 constituent Councils and whether there is sufficient clarity on the ask from each of the 3 Councils, individually and collectively, for Tayside Contracts to work to an agreed set of realistic actions/desired outcomes,
- e) Where there are further opportunities for collaboration with constituent Councils (particularly efficiencies through standardisation of services with constituent Councils).

Access to relevant documentation in confidence and access to key leaders and managers would be arranged as part of the analysis activity.

- 1.1 It was set out that the data gathering, and interview activity should be complete by the end of June and a resulting finalised report available by the 1 July 2023. This was extended slightly, given the slight slippage in the commissioners approving the final brief and the annual holiday season. The final report was shared the week commencing 24<sup>th</sup> July 2023, given holidays.
- 1.2 A series of interviews with identified senior staff were carried out.
  - Doug McKay, Head of Operations, Tayside Contracts on 10<sup>th</sup> May 2023
  - Frank Reilly, Head of FM and Human Resources, Tayside Contracts on 11<sup>th</sup> May 2023
  - Diane Kidd, Service Leader Finance & Governance, Tayside Contracts on 11<sup>th</sup> May 2023
  - Leanne Reilly, HR Manager, Tayside Contracts on 22 May 2023
  - Ibukun Strachan, Facilities Business Improvement and Development Manager, Tayside Contracts on 22<sup>nd</sup> May 2023
  - Mark Armstrong, Governance & Strategy Group member, Angus Council on 10<sup>th</sup> May 2023
  - Robert Emmott, Governance & Strategy Group member, Dundee City Council on 12<sup>th</sup> May 2023
  - Fraser Croft, Governance & Strategy Group member, Perth & Kinross Council on 10<sup>th</sup> May 2023
- 1.3 A substantial range of reports and documents were provided by Tayside Contracts leadership (over 130 documents) under emails or via a shared Teams folder pathway over the period from April 4<sup>th</sup> to June 20<sup>th</sup>, 2023. Three final pieces of evidence were shared on 25<sup>th</sup> July.

- 1.4 Several meetings were held between the independent reviewer and the Managing Director of Tayside Contracts during the review to develop approach, assess progress, and agree a format leading to the final report.
- 1.5 The final report was submitted on 26th July 2023, and reviewed by the Chief Executives and Managing Director of Tayside Contracts.
- 1.6 Some starting points setting the context for the review.
- Tayside Contracts is a unique operational model in Scotland.
  - Tayside Contracts works under defined terms of reference (a Minute of Agreement – [click here to view](#)) set by the constituent Councils in 1996. The Minute of Agreement was reviewed and updated in 2018.
  - Tayside Contracts is an affiliate organisation of the three Councils collectively.
  - None of the Councils host any of the services covered by the activities and staff at Tayside Contracts
  - There is some variation in approach between the Councils in their dealings with Tayside Contracts, such as differing approaches to partnership agreements.
  - There have been previous reviews of Tayside Contracts over recent years. A specific activity in 2019 covered some of the activities contained in the brief for this review.
  - This is not a Best Value review.
- 1.7 The report and assessment were carried out by Keith Winter, appointed on the basis of his experience and knowledge of the operational areas involved, as well as a lengthy period in senior leadership roles in local government, including the strategic responsibility for the commercial operating arm of a large Scottish Council.

## 2.0 SECTION 2 AREAS COVERED

### 2.1 Is Tayside Contracts currently fit for the intended purpose of the organisation and as efficient as it can be?

- 2.1.1 There are many strengths in the Tayside Contracts model as it currently exists, consistent with a contracting led organisation model. The model retains many of the aspects established since its inception, and covered under the original Minute of Agreement, by the Councils setting Tayside Contracts up in 1996. The Minute of Agreement states that the three Councils will operate through a Joint Committee for the administration of the functions that the three constituent Councils delegate to the Joint Committee. Further detail is provided in the Minute of Agreement ([click here](#))
- 2.1.2 A question which arises from the review is whether Tayside Contracts is seen as an affiliate organisation to the Councils by the respective Council clients. In my opinion this perception is variable between officers across the three Councils, and between different levels within Councils, based on the discussions undertaken. This is expressed in the differing way work is agreed and commissioned by the respective Councils.
- 2.1.3 A means of establishing a fit for purpose position would include the review of financial data, performance documentation, dashboards and reporting into the governance structure for the Governance and Strategy Group (see Appendix 2) and the Joint Committee.
- 2.1.3.1 On the performance aspect `what does good look like and how do parties tell?` I find from the document review, and the interviews and discussions undertaken, that whilst there is considerable information and data capture, there is no consensus between the Councils (as owners and primary customers) and Tayside Contracts (as the delivery organisation), on the key measures for the organisation, nor clarity from different parties (i.e. the Councils) on the expected performance of the organisation.
- 2.1.3.2 The Annual Performance reports prepared by the organisation from 2018 through to 2021/22 all carry key performance data and assess the performance for the year. The 2021/22 Annual Performance Report confirms the intention to establish a shared performance indicator dashboard. However due to the impacts of Covid this has had to be reprioritised with work to progress in 2023. This is progressing and a draft set of performance measures are being finalised for shared use amongst the Governance & Strategy Group.
- 2.1.3.3 Given the above therefore, it is perhaps understandable why different parties in the Councils consider they are not as able as they would like in assessing performance and applying a reasonable degree of scrutiny.
- 2.1.3.4 The preparation of an agreed and targeted Performance Framework, underpinned by dashboards suitable for the Governance & Strategy Group and Joint Committee, is a priority to assist scrutiny, clarity and

monitoring of performance, and to build confidence and trust in the organisation.

- 2.1.4 The role of the Governance & Strategy Group is central to the operation and interaction of the Councils with Tayside Contracts. However, the remit remains as that set originally in 1996. Membership was then set as the Chief Executives, or their nominee. For many years this has been respective Council nominee led. To my mind a review of the remit of the Governance & Strategy Group is warranted given the passage of time, changing operational circumstances, different ways of working, increasing continuing financial pressures and performance led considerations.
- 2.1.4.1 As part of any review I would suggest that the chairing model be considered and perhaps a rotating chair across the membership come into place. This would reinforce the shared partnership approach to the operation of Tayside Contracts. It is noted that the rotating partnership model is adopted for the Street Lighting Partnership, and both the Dundee Roads Maintenance Partnership, and Perth & Kinross Roads Maintenance Partnership.
- 2.1.4.2 There is a high level of committed engagement by the representatives on the Governance & Strategy Group.
- 2.1.4.3 Much of the focus of the Governance & Strategy Group appears reactive and operational in nature. A proactive agenda focus (strategy, finance, people, current issues) would be expected and a forward work programme of intention and matters to be covered would assist.
- 2.1.4.4 A suggestion along with the above is that the Governance & Strategy Group prepare a five-year plan for activities and focus that can outline the areas of growth, performance priorities and investment led areas, as well as new areas for business development. This 5-year Plan would be strategic rather than detailed and would complement the Tayside Contracts Business Plan, which is due to be reviewed later this year.
- 2.1.4.5 The positioning of the Governance & Strategy Group in process and governance could benefit from a review between all the participants, and reaffirmation of its purpose, capacity to decide matters where appropriate, and direction of items for the Joint Committee. This could be covered through the review referenced at paragraph 2.1.4 above. There is though no expectation of further powers for the Governance & Strategy Group or any delegation increase to the Managing Director at Tayside Contracts.
- 2.1.5 in terms of the Joint Committee, this is seen as the key decision-making body. Reporting into the Joint Committee is led by Tayside Contracts primarily. In the absence of an agreed performance focus model however, there remains a question over the capacity of the Joint Committee to discharge its oversight role on performance and undertake appropriate and proportionate scrutiny. A review of reports into the Joint Committee may be of merit to ensure, as is good periodic practice, that these are relevant, informative, and striking the balance on reporting good and poorer areas of

performance, with the reasons why for each clear, and outline improvement steps where appropriate. This fits with a decision at the Joint Committee in June 2023, to remit the Managing Director to carry out a detailed engagement with Joint Committee members, to identify their opinions on the governance and scrutiny of the Joint Committee, and this engagement will consider both reporting arrangements, and key performance information required by the Joint Committee members to discharge their functions.

2.1.5.1 There are 18 members appointed from across the three Councils on the Joint Committee serving a 5-year term as normal, or a shorter period if appointed within a political cycle. The Councillor engagement with Tayside Contracts is primarily through the Joint Committee. It may be helpful to continue reinforcing the initial induction process for new committee members, both from a Tayside Contracts and a council perspective, with periodic activities including visits to premises, familiarisation with process and examples of service delivery.

2.1.5.2 In addition to the formal business of the Joint Committee, various engagement sessions and events have been held with Joint Committee members. These are more informal events to allow in-depth interaction and understanding on subjects which are strategic in nature or are of a particular interest to Joint Committee members and have been well attended by Joint Committee members. Examples include: -

- Developing the Business Plan
- Climate Change
- Supporting Local Producers in our supply chain
- Budget Proposals
- Visits to operational sites (e.g., Quarry, Tay Cuisine)
- School Meals service
- Tayside Contracts Community Fund
- Induction for new members of Joint Committee (offered to Members on a 1 to 1 basis)

2.1.5.3 The process of Chair and Vice-Chair is considered to work well and provide the continuance and stability in leadership for the operation of the organisation and linking to the Managing Director at Tayside Contracts.

2.1.6 The varying stances of individual Councils on the performance and interaction with Tayside Contracts, away from the Joint Committee, brings in different approaches on engagement and the level of trust and interaction. This has resulted in different approaches to updates and committee engagement in the respective Councils on occasion.

2.1.6.1 A suggestion to enhance links with the broader Council political membership would be that Tayside Contracts provide their Annual Performance Report into respective Councils, through an appropriate



committee mechanism. This provides a presence for Tayside Contracts, and an opportunity for scrutiny and update for elected members who are not part of the Joint Committee. This could be put into action this financial year, and build on the approach adopted by Angus Council, which invites the Managing Director to attend its Audit and Scrutiny Committee on an annual basis, to present the organisation's Annual Performance Report, and answer Members' questions.

2.1.7 On finance, this is an area of particular focus given the financial pressures involved currently, and looking ahead, for all organisations in the public sector. For example, in May 2023, the Scottish Government's Medium Term Financial Strategy highlighted the gap between its spending and funding was a projected deficit of £1bn in 2024/25, and £1.9bn in 2027/28. The recent changes in staffing and roles at Tayside Contracts should assist the process going forward. A suggestion is for more regular engagement across finance representatives from the respective organisations on assessing, reviewing, and planning forward finances. The Section 95 officer (termed the 'Proper Officer' in the Tayside Contracts Minute of Agreement) provides input and guidance as appropriate to Tayside Contracts' Managing Director and the organisation's senior Finance officer - Service Leader (Finance & Governance). This could be developed further in the short term to further enhance current relationships and assist with the ongoing challenges facing the four primary bodies and across the multiple finance processes involved.

2.1.7.1 To assist all parties and establish a forward-looking approach to activity, performance and finance, Tayside Contracts should prepare a medium-term financial strategy to be agreed with the Councils. This would set a context and clarity of focus for all and working arrangement around annual budget setting as occurs. As a start to this approach and strategy a starting point may be a short- term plan to look at current pressures in this year and looking to next.

2.1.8 There is an ongoing challenge regarding resources for the organisation both internally regarding capacity, and certainty to deliver annually against Council led expectations, and a focus on savings to be made as sought by the constituent Councils.

2.1.8.1 These should helpfully be resolved, as mixed expectations and requirements from the constituent Councils can only distract parties from a delivery focus, take up time for all, in the absence of clarity on what is sought, with short timescales (perhaps raised in-year, which diverts capacity from other priorities). Because of the existence of Tayside Contracts, the three Councils employ considerably fewer staff on the Scottish Local Government Living Wage level compared to other local authorities (73% of Tayside Contracts employees are on the lowest hourly rate for local authority employees. The equivalent figure for constituent Councils is 0 % of employees). Thus, the impact of bottom loading in annual pay awards, over several years, falls heavily on Tayside Contracts and not the three Councils (for example the 2022/23 pay award added additional costs of £4.5 million to Tayside Contracts' pay bill - a 10% overall increase to the organisation's pay costs). However, the position on strategy and means of passing on Scottish Government funded monies for such additional costs is not consistent across the

Councils. Tayside Contracts, in meeting such increases, has limited options to manage such increases, within its existing budget.

2.1.9 Tayside Contracts structure and shape are not unexpected and appears generally appropriate for the nature and scale of the organisation. A study by Ernst & Young on costs of management and support services (2017) would confirm that the costs are in line with, or lower than, expected level compared with other organisations (however it is noted that this review work preceded further reductions in management and support services headcount by participating organisations, and there would be benefit in carrying out a follow up benchmarking exercise as part of a Best Value review, as suggested in section 2.2.3).

2.1.9.1 There are however views from Council representatives that there should be some financial savings made in these areas, given the approaches being taken in the Councils over reducing budgets. I take the view however that this would need sensitivity as the management and support costs are not out of the norm, and any push for growth or unexpected events may overstretch the current model capacity as well as affect the aims for further business development and growth as set out in the organisation's Business Plan, and as expected by the Councils' Chief Executives for Tayside Contracts.

2.1.9.2 At the same time there must be an expectation that Tayside Contracts review its shape and structure periodically, and advance this for discussion through the Governance & Strategy Group, to remain effective, and aligned with the business needs of the organisation. Form follows function and thus any review of structures should relate to the provided performance framework identified in this review, the medium-term financial strategy identified and against the forward specifications and priorities set by the engaging Councils.

2.1.10 Tayside Contracts also plays a role in supporting the three Councils' wider ambitions around equality and fairness; economy and education; community empowerment; tackling climate change and building community wealth. 'Communities, Councils and Customers' is one of the five Strategic Priorities in the organisation's [Business Plan](#):

- Confidence, People and Relationships;
- Commercial Approach;
- Collaboration and Sharing;
- Continuous Improvement and Performance; and
- Communities, Councils and Customers

2.1.11 This highlights Tayside Contracts' commitment to corporate social, ethical and environmental responsibility, to enhance the lives of everyone in Tayside. For example:

- Tayside Contracts works with the three Councils' employability teams, as well as organisations such as Remploy, and Barnardos to support people who need additional support, into working with Tayside Contracts.
- The organisation worked in partnership with Dundee and Angus Developing the Young Workforce (DYW) team and have been recognised as an approved

official [Young Person's Guarantee](#) Employer which is a commitment to connect every 16- to 24-year-old in Scotland to an employment opportunity. This accreditation was renewed in July 2023.

- The Tayside Contracts` Community Fund has now helped over 50 local community groups and charities with support such as food provision, signage and small construction works.

2.1.12 It is noted that the Governance and Strategy Group have recently (August 2023) been discussing what further activities Tayside Contracts` can undertake to support the wider Community Planning and community empowerment ambitions of the Councils – including holding a workshop with the relevant colleagues from the three Councils.

## **2.2 Is the quality of services provided by Tayside Contracts being delivered at an optimal level and what level of service options could it provide to the constituent Councils?**

2.2.1. Although this high-level assessment has not identified significant issues with the quality of services provided, this is an area where a more detailed level of certainty is more problematic given the comments above regarding the need for a focused, agreed, and shared performance framework with the constituent Councils.

2.2.1.1 There is a need to gain a common alignment between the Councils and Tayside Contracts. Currently different processes operate in relation to engagement with Tayside Contracts. This is most notable in a comparison of the differences in engagement between the Roads and Facilities Management activities undertaken by Tayside Contracts. On Facilities Management, there is clear standardisation of approach which has delivered customer and operational benefits, as well as significant operational savings (e.g., common menus for school meals across Tayside; standardised delivery of meals service through the Central Processing Unit at Tay Cuisine), other than the correct consideration of operational aspects in that area. Yet in relation to Roads related activities there appears far fewer standard approaches from the Councils, regardless of some clear geographic differences which apply to the respective Council areas. There would be a benefit for all from standardisation across areas of delivery, and acceptance from Councils, with a model based on outcomes not inputs. It is noted that progress is being made in relation to greater standardisation in Construction through the Tri-Council Governance Group, and the Tri-Council Maintenance Strategy Group, based on recommendations made as part of the Tests of Change project commissioned by the Chief Executives.

2.2.1.2 For example, as well as a Tayside -wide Street Lighting Partnership, Perth & Kinross Council and Dundee City Council have well established shared Partnership agreements in place for Roads Maintenance. Angus Council appears an outlier, and the reasons for this relate to Angus Council seeking further reassurance and evidence to demonstrate that this Partnership model will deliver Best Value for the local authority.

Discussions are ongoing in this with Angus Council to identify any concerns and find a mutually agreed and beneficial way forward.

- 2.2.2 At the same time there is an acceptance across all interviewed that before any of the Councils may commit to further service areas being delivered through Tayside Contracts, and the requisite payment of budget for these, there is some prework necessary to build confidence and trust across parties, show that this all represents a best value and should be aided with a robust and informed business case approach for any new area of activity, with a culture of joint working and sharing of information between partners to develop a comprehensive, bespoke business case, which clearly demonstrates the benefits. This is recognised by the leadership at Tayside Contracts and the Managing Director Tayside Contracts will take this forward from the discussions to date.
- 2.2.3 Also to assist the engagement and provide a strategic overview for process and direction of the organisation, a suggestion is for a 5-year cycle of Best Value reviews of Tayside Contracts, starting before 2026. This should avoid time consuming, piecemeal, and reactive review processes (the uncertainty of which are demotivating to employees and consume resource from all parties), and tie in the other actions suggested in this report, which will allow a periodic step back and reflection for the parties on the direction of travel. This should also assist with concerns existing in Councils regarding retaining a fit for purpose model for delivery of these services, as external environments, internal strategies, and considerations develop over time. Whilst this would involve a greater resource input on each review, this would be discounted against sporadic reviews that may not provide all involved with a proper, considered, and strategic opportunity to reflect and agree approaches for the next operational period to follow between reviews.

### **2.3 Is the organisation taking appropriate steps to improve, and to secure further business opportunities?**

- 2.3.1 A clear focus and expectation from colleagues from the Councils is the pursuit of business growth for Tayside Contracts. There are, as accepted by all, capacities in several of the processes and capability to undertake further external work. A clearly favoured area for this is Tay Cuisine (the Central Processing Unit for meal preparation). Indeed, Tayside Contracts staff are in discussion with other parties re potential use of the facility to provide services for these organisations.
  - 2.3.1.1 Tayside Contracts leadership team are keen to pursue new external opportunities. Any risk-based approach to new business whether in the above activity area, or across other business elements, will consume valuable resource, and some will be lost if the business opportunity does not see conversion into a contract arrangement - and provide a meaningful and sustainable business income stream. The reference above to a reshape of the structure at Tayside Contracts as a suggestion, should focus on this area, and creating capacity for business development, and then ongoing relationship management, in the first instance.

- 2.3.1.2 The tight financial circumstances mean that there is a need for this activity to be largely self-financing. The organisation's Improvement & Innovation fund was introduced in 2021 as a means of working capital to fund such activity as they arise.
- 2.3.1.3 For such an approach to deliver success requires some more front-end work on what opportunities are available, which offer best return, by criteria to be set, and for the Governance & Strategy Group to oversee progress and retain oversight of the opportunities in flight for monitoring conversion rates and, though can be hard, dropping those that are not progressing. A good start already exists for a focus on areas to pursue in the content of the Tayside Contracts Marketing Strategy 2023 and the Commercialisation & Collaboration matrix, which is a ranked list of potential collaboration and commercial opportunities, that sets the priorities for the organisation to pursue and review. This was introduced in 2021 and is regularly monitored by the Corporate Leadership Team and has been shared with the Governance & Strategy Group. Tayside Contracts Leadership has also presented to the Governance & Strategy Group and the Chief Executives (December 2022) its prioritised targets for commercial expansion, including potential income generating estimates. In the last year, Tayside Contracts has taken on the following additional commercial and collaborative activities:
- Providing winter maintenance service and sharing Tayside Contracts depots with Amey (North East Trunk Road operator)
  - Community Meals teatime service for Angus Health & Social Care Partnership
  - Provision of Community Resource Assistants service for Dundee City Council
  - Hosting Dundee City Council Construction Services team in Tayside Contracts building, to allow demolition of DCC building, with sharing of operating costs.
  - providing gutter cleaning services for Perth & Kinross Council schools, and window cleaning services for all three Councils' schools
  - Providing fleet management services for Dundee & Angus College
  - High value external commissions outwith the "core" roads maintenance services e.g. in the last year, Cross Tay link, Broughty Ferry Active travel, and Glenferriate Estate
- 2.3.1.4 In the finance section above the quandary regarding the savings aspects for Tayside Contracts given financial pressures on the Councils was covered. It is the case that cuts of any scale in a model such as Tayside Contracts will translate into a consequential reduction in income given a reduction in resources. This does not include ongoing operational efficiencies being pursued as part of day-to-day activities and

opportunities or any specification alterations raised by an individual council for example.

2.3.1.5 Therefore the Governance & Strategy Group as a suggestion should, as part of the forward-looking programme approach mentioned at paragraph 2.3.1.3 above, look to address the strategy and agree areas for opportunity and then monitor progress on these, with a target indicated for income and return. This can then be included in the dashboard approach mentioned previously at paragraph 2.1.3.4

2.3.2 Tayside Contracts have an active [Business Plan](#) for the period 21 – 24. This outlines the priorities for improvement and development. These priorities were established through extensive engagement with the Joint Committee members, the Governance & Strategy Group and also the employees of Tayside Contracts. There is good, related activity in here, and with endorsement by all as part of the focus for activity, performance, and process, will assist understanding of the intended approach over the next few years.

## **2.4 Training and development**

2.4.1 The organisation has a Leadership and Development Strategy last updated in May 2018; this is mapped to EFQM criteria. Primary use of the Lombardo model underpins the approach. Covid has impacted on an update to the strategy, but this is now rising through the priorities of the organisation. The training budget for 2023/24, as shared, shows a budget of £220k for the organisation. A review though could cast a questioning eye over the balance in the operational versus development approach involved in the topics covered and proportion of spend on activities. There is no separate leadership training and development budget.

2.4.2 There may be opportunities for aspects of professional related training and leadership development to occur with or through the different Councils and their programmes, to assist provision and efficiency of delivery, whilst building further the relationships across officers in the local geography.

### **3.0 DESK REVIEW**

- 3.1 In carrying out the review I was provided with a copy of a report from June 2019 prepared for the Chief Executives with a purpose of covering:
- 1) current governance arrangements as in place
  - 2) what savings has TC delivered
  - 3) where is TC in terms of growth of the organisation
  - 4) what other opportunities are available to TC
- 3.2 These overlap with the current review to some degree.
- 3.3 I was provided with a range of financial data, including budget reports, cost models and income detail. This displays a competency in reporting and analysis of the position of Tayside Contracts. It may be helpful, through closer working, to enhance the understanding of such, and build that confidence across officers and elected members, to move to a more risk and key factor-based approach to reporting, issue coverage and performance assessment.
- 3.4 The documentation, covering internal audit, council reporting, asset registers, APSE information and around performance all came across as acceptable and that bases are covered. This does not mean that there is no room for improvement, though further analysis in this is not beneficial until all have an agreed performance framework and dashboard.
- 3.5 Business plans, strategies such as referenced in this report and an up-to-date strategic risk register were all helpfully made available. Again, there is nothing that stands out as missing or awry in approach from that which I would expect for an organisation in relation to the specifics of this review.

## **4.0 CONCLUSIONS**

- 4.1 The Tayside Contracts model based on the review undertaken is a valid model for going forward.
- 4.2 There are, as always, some improvements and changes which can help gain more from the model and the relationships involved.
- 4.3 The key suggestions are listed in the table at appendix 1 with the timescales involved set out as targets.
- 4.4 Relationships across players are decent - though not consistent - and the standing of the relationship between the respective Councils and Tayside Contracts needs affirmed i.e., that Tayside Contracts is an affiliate organisation to the Councils collectively. This message will help foster closer working both ways between individuals in the Councils and Tayside Contracts, at all levels.
- 4.5 To assist matters all the Councils should achieve a standing partnership agreement with Tayside Contracts for services across the undertaken activities.
- 4.6 There is a clear need and benefit for Councils to have more standardisation on service delivery to assist effective and efficient, cost-effective delivery by Tayside Contracts, and a focus on Outcomes.
- 4.7 Year on year budget settlements assist no party, though is the current reality of approach by the Scottish Government for the Councils, and therefore impact onto Tayside Contracts. Therefore, an agreed medium term financial strategy looking out 3 to 4 years would assist all.
- 4.8 It is acknowledged that, although there is a wide range of performance information shared with the Joint Committee, the Governance & Strategy Group, and the various partnership/ client meetings at operational level, there is not a single, overt performance framework available for Joint Committee, Governance & Strategy Group, Tayside Contracts and others, to transparently establish an opportunity to review performance and scrutinise activities. There are a host of measures- all relevant - but to see the overall picture and assess performance needs more focus and work. This is accepted by the Managing Director and a Performance Management Framework is currently being developed.
- 4.9 The financial arrangements and expectations of Tayside Contracts is not consistent across the three Councils. More needs done on this re the position on savings, paying for pay awards and extracting any efficiency gains by savings.
- 4.10 The real focus for efficiency and finance must be the expansion of the activity turnover and therefore the budget surplus return levels possible to the Councils annually.
- 4.11 To achieve business development and growth requires a different resource and focus for Tayside Contracts which requires some structural adjustment in Tayside Contracts to free up resource to drive this, develop opportunities, but particularly case manage this through to conversion of opportunities into sustainable, profitable business, and maintain client relationships thereafter.
- 4.12 The Improvement & Innovation Fund, established by Tayside Contracts, can provide a base for this objective, along with an agreed approach on transformation of the



business through growth and optimising current capacity, recognising much of the current model works on a marginal costing basis.

- 4.13 Post covid, the review of services and delivery models needs reviewed and reset. For example, office cleaning could be revisited by the respective Councils if properties are now operating different occupancy and operating hours. This needs consideration given the possible impacts on workforce and any mitigation possible through any practical redeployment available.
- 4.14 Overall there no visible benefit, currently, for any or all the Councils stepping away from the Tayside Contracts model. All parties recognise that there are areas for improvement, though this requires transparency, trust, and acceptance of some risk, by all involved, to optimise the approach, and maximise return from this unique model in the Scottish landscape.

**Appendix 1 – Table 1 Main Recommended Actions and Timescales**

Theme*	Action/timescale (months)	6	12	18	24	Lead for the action stated
1	Governance & Strategy Group remit review	*				Managing Director Tayside Contracts with Governance and Strategy Group members
1,3	Five Year working framework (Governance & Strategy Group)	*	*			Governance and Strategy Group
1	Joint Committee reporting and use of digital tools		*	*		Tayside Contracts Leadership Team
1	Performance framework	*	*	*		Governance and Strategy Group
1	Medium Term Financial Strategy	*	*	*		Tayside Contracts Leadership Team
2	Partnership agreements	*	*			3 Councils and Tayside Contracts Leadership Team
2	Standardisation of standards across Roads activities	*	*			Tayside Contracts Leadership Team
2	Business Development model		*	*		Tayside Contracts Leadership Team
1,3	Tayside Contracts structure and focus review		*	*	*	Tayside Contracts Leadership Team
2	Periodic Best Value review				*	Tayside Contracts Leadership Team with involvement of the 3 councils

\*Themes

1. Is Tayside Contracts currently fit for the intended purpose of the organisation and as efficient as it can be?
2. Is the quality of services provided by Tayside Contracts being delivered at an optimal level and what level of service options could it provide to the constituent Councils?
3. Is the organisation taking appropriate steps to improve, and to secure further business opportunities?

## **Appendix 2 Governance and Strategy Group (GSG)**

The activity of the GSG is defined in the Tayside Contracts [Minute of Agreement](#) – summary below.

This group consists of 3 Chief Executives of the constituent Councils (or their nominees) and the Managing Director of Tayside Contracts. It has been established to consider both the performance and development of Tayside Contracts as a shared service provider, and to consider any of the functions of the Joint Committee. The Governance and Strategy Group meets at regular intervals (at least 4 times per year). The business of the Governance and Strategy Group is conducted on the basis of majority voting, with officers of the Constituent Councils and Tayside Contracts having one vote each.