

ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	8 th March 2016
LEAD OFFICER	Angela Scott
TITLE OF REPORT	Overview of Local Government 2015
REPORT NO:	CG/16/038

1. PURPOSE OF REPORT

To provide the Committee with an overview of the Council's position with respect to the recommendations in Audit Scotland's report "An Overview of Local Government in Scotland 2015".

2. RECOMMENDATION(S)

The Committee is asked to:

- a) consider the attached position statement with respect to the recommendations in Audit Scotland's report "An Overview of Local Government in Scotland 2015"; and
- b) agree that the issues identified are being addressed within broader improvement programmes, or to instruct further actions as appropriate.

3. FINANCIAL IMPLICATIONS

There are no direct implications arising from this report.

4. OTHER IMPLICATIONS

There are significant implications for the work programmes themselves, including long term resource planning and decision making. These are not, though, dependent on this report.

5. BACKGROUND/MAIN ISSUES

- 5.1 Audit Scotland undertakes an annual review which identifies issues which it considers Scotland's local authorities should be addressing. The report and recommendations are directed towards each of Scotland's 32 local authorities. Each of the local authorities having its own local context, the recommendations vary in their applicability.
- 5.2 The 2014/15 report has been considered by the Council's Audit, Risk & Scrutiny Committee. The Committee referred the recommendations to the consideration of CMT to determine whether actions, over and above those already in place or planned, were required.
- 5.3 The attached position statement draws comments and inputs from a variety of colleagues.
- 5.4 For each of the recommendations, commentary is provided advising that appropriate arrangements are in place or that improvement actions have already been identified and are being implemented. Monitoring of the improvement actions will be integrated within current and developing scrutiny arrangements.

6. IMPACT

As per "Implications", the impact of the improvement and transformation programmes for resource planning and workforce, which are included within the attached statement, will clearly be significant. The impact of this report is to strengthen awareness and governance of the issues raised by Audit Scotland so that risks are assessed and controlled.

7. MANAGEMENT OF RISK

The Committee's formal consideration is one element of ensuring, and demonstrating, risk awareness. Any significant risks highlighted by Audit Scotland should be included within appropriate risk registers, if not already recorded.

8. BACKGROUND PAPERS

Overview of Local Government in Scotland 2015, Audit Scotland

9. REPORT AUTHOR DETAILS

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An Overview of Local Government in Scotland 2015 – Recommendations for Elected members

	Recommendation	Comments / Actions	Date	Lead Service Area	Link to BV Audit Improvement
1.	Assess whether they have appropriate knowledge and expertise, in areas such as assessing financial and service performance, to carry out their role effectively. They should review their training needs and request the training and support they require to help them consider options, make decisions and scrutinise performance;	<p>Training needs are assessed and training is given on an ongoing basis. Over the last 12 months a revised programme of training on scrutiny and risk has been delivered to members of the Audit, Risk & Scrutiny Committee and is now being rolled out to all members. Risk Management training was offered on 2nd November and Procurement training also delivered on 7 December. Scrutiny of Shared Services is to be provided in 2016.</p> <p>A comprehensive elected member development programme for 2016/17 is in place. ALEO training is taking place on 22 March 2016. Currently Financial Capability training and Treasury Management has also been arranged, with more to be added to the development programme for 2016.</p> <p>2017 development dates have been arranged for Elected Members, development for these dates is still to be decided.</p>	Ongoing	Organisational Development	
2.	Ensure that council officers provide high-quality financial and performance information to support effective scrutiny and decision-making. This includes having relevant and	<p>The 2015 Best Value Audit noted that financial management in the Council is sound and it has a robust medium-term budget-setting process in place.</p> <p>i. Increase the impact of the Finance</p>		Accounting, Budget holders and all staff	<ul style="list-style-type: none"> • Implement plans to refocus performance measurement on outcomes • Ensure clear links between the performance information

	<p>up-to-date performance data and making good use of benchmarking. Performance information should also be clearly reported to the public to help them understand their council's performance;</p>	<p>Framework;</p> <p>ii. Continue to streamline and strengthen our capital financial management processes;</p> <p>iii. Strengthen feeder systems that transfer information into the financial system including data, information and controls;</p> <p>iv. Strengthen financial information, for example by continued development of Business Objects.</p> <p>A review of current performance reporting is ongoing, linking to work to establish the "Golden Thread".</p> <p>The Council's policy priorities, included SIP and capital projects, are reported regularly to CMT, Admin Leaders and the FP&R committee for scrutiny and information.</p>	<p>Dec 2015</p> <p>April 2016</p> <p>Dec 2016</p> <p>Dec 2016</p> <p>May 2016</p> <p>Ongoing</p>		<p>submitted to members for scrutiny and the council's strategic plans</p>
3.	<p>Ensure that councils, when developing their priorities, use local socio-economic data and work with service users and local communities to understand their needs and explore ways of meeting them. Council budgets should then be targeted towards agreed priorities, including those designed to prevent or reduce service demand in future;</p>	<p>1. <u>Strategic Assessment (SA)</u> - Community Planning Senior Analyst has been employed to complete a SA for Aberdeen City. SA is supported by data analysts and researchers from partners. There will be both partner and community consultation exercises, designed through partnership and the strategic assessment will be used to identify citywide priorities, support the new SOA and target Participatory Budgeting opportunities.</p>	<p>Feb 2016</p>	<p>CHI</p>	<ul style="list-style-type: none"> Review how the political priorities of Aberdeen: the Smarter City, the SIP, the City Region Deal and the City Centre Masterplan are linked through to service plans

		<p>2. <u>Budgeting for Outcomes</u> - We will build on our budget process and implement Outcome Budgeting.</p> <p>Building on Priority Based Budgeting, the Council’s pilot “Budgeting for Outcomes” approach uses CIPFA guidance and wide research nationally and internationally. It builds on the development of outcome maps linking outputs, activities and inputs and uses evidence from performance information, stakeholders, cost drivers to refocus resources to priorities. Outcome budgeting pilots have been run in 5 varied service areas and an overarching pilot has commenced concentrating on staff, customer and resources.</p> <p>Findings of the initial pilots have been generally positive with comments from service managers including: “Would definitely use this tool again”; “gaps in performance identified”; “shines light on specific activities”.</p> <p>Next steps are identified as follows:</p> <ul style="list-style-type: none"> • Link overall outcome approach to refreshed Strategic Plan as an overall prioritisation tool; • Document end to end process; • Collect performance information 	Feb 2017	Accounting	
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		<p>from pilots in a consistent way and make recommendations for improvement;</p> <ul style="list-style-type: none"> • Finalise work on pilots and develop champion role; • Roll out to further services. <p>Work on outcome budgeting has been deferred during the 16/17 budget setting process and is due to start again soon. It is now an integral part of the Use of Resources Programme and Finance Service Plan.</p> <p>3. <u>Participatory Budgeting</u> - The Community Planning Aberdeen Board agreed:</p> <ol style="list-style-type: none"> i. the establishment of a “participatory budgeting” Steering Group with representation from key stakeholders; ii. the re-allocation of budget underspend into a Participatory Budgeting “pot” to allocate. <p>Following the above:-</p> <ol style="list-style-type: none"> a) Training was delivered to CPA partners from PB Partners as part of a Scottish Government Support Package; b) Finance Policy & Resource Committee allocated £100,000 under spend towards PB 	tbc	CHI	
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		<p>methodology for youth work in Tillydrone, Seaton, NorthField Total Place and Torry. All school age young people, living in the areas, participated in voting events;</p> <p>c) PB Partners are conducting an evaluation;</p> <p>d) Further PB opportunities could arise from Fairer Aberdeen and the HRA. PB partners will support delivery and evaluation. Best practice will be established and presented to the CPA Board to consider wider implementation.</p>			
		<p>4. <u>Strategic Planning</u> - The Council has refreshed its Strategic Business Plan (February 2016). The Plan reflects the Council's agreed priorities and builds on a suite of corporate strategies, each of which is based on an analysis of socio-economic data. Resource allocation, including budgeting, follows the planned activity to deliver these priorities. Throughout 2016/17, work will continue to update and align strategies with priorities.</p>	2016/17	CG / OCE	
4.	Ensure that they consider all practical options for delivering services to meet the needs of service users and local communities, within the resources available. They	As part of project proposal governance, a more robust option appraisal approach has been built in to the gateway review process and is a fundamental part of the business case development. All options are considered, scored and measured against	Ongoing	PMO	

	<p>should consider carefully the benefits and risks related to each option and make sure they receive information about the impact of the option they choose, including monitoring the risks associated with change;</p>	<p>the business need, desired outcomes, benefits and risks to allow an informed decision to be made.</p> <p>Through the Programme Management approach, currently being developed further within the council, decisions on proposals and business cases will be made in conjunction with the current programmes of work and existing resource requirements, in order for all impacts and interdependencies to be considered and realised as part of the decision making process.</p> <p>That approach is also adopted as part of the change control process.</p> <p>Benefits are identified as part of the business case development, which are linked to the business need and/or strategic outcome that the business case is trying to achieve. The project planning process builds on this to develop benefit realisation dashboards. Benefits dashboards can be at programme and/or project level as appropriate. Robust monitoring, challenge and reporting of benefits and outcomes is currently being looked at as part of our change activity governance review.</p>			
5.	<p>Ensure that their council has financial plans covering the short term (1-2 years), medium term (3-5 years) and</p>	<p>Through further analysis of the economic position and linking budgeting to outcomes, we will strengthen our long term financial planning process.</p>	Feb 2017	Accounting plus budget holders and all staff	

	<p>longer term (5-10 years). These plans should set out the council's financial commitments, identify any challenges with the affordability of services and set out clearly how the council ensures its financial position is sustainable over an extended period;</p>	<p>Financial plans are currently in place. The 2015 Best Value Audit noted that the Council has <i>"recognised the need for long-term financial planning by setting out the social and economic factors likely to impact on its financial plans up to 2050. This long-term view of the challenges ahead will provide a useful context for considering the impact of potentially difficult decisions ahead."</i></p> <p>The Council's long term financial plan has been developed.</p>			
6.	<p>Review their council's governance arrangements following significant changes in staff, management and political structures. This includes ensuring their current management teams have the skills and capacity to provide effective leadership and management of finances, services and improvement programmes, and having succession plans for when senior managers retire or leave the council;</p>	<p>1. A full governance review is underway. This will review the Council's risk and governance systems, based on the 7 CIPFA principles of good governance. The end result will be an Aberdeen City Council Constitution, including:</p> <ul style="list-style-type: none"> • Revised Standing Orders/Scheme of Delegation • Reviewed reporting procedures to achieve consistency and compliance • Reviewed and revised system of risk management • Reviewed and revised elected member development programme, including induction • Review of ALEO monitoring arrangements. 	March 2017	Legal Services	<ul style="list-style-type: none"> • Fully implement arrangements for enhanced scrutiny of ALEOs through the governance hub. • Ensure the necessary organisational capacity for transformation is in place in readiness for anticipated budget reductions • build on the use of cross-party groups to help maintain political consensus and commitment to the council's long-term priorities • build further elected member

		<p>2. Officers are fully implementing and monitor the revised governance arrangements for ALEOS as agreed by the Audit, Risk and Scrutiny Committee. The ALEO Governance Hub has now met twice under the new arrangements, with the next cycle of meetings being held in May 2016. In addition to commencing scrutiny of tier 2 ALEOs, the Hub will now meet quarterly, with the subsequent cycle scheduled for August. The performance of the Hub will be considered as part of the Governance Review being taken forward by Corporate Governance.</p> <p>3. The Audit, Risk and Scrutiny Committee have considered reports on the Health & Social Care services pre-integration financial assurance.</p> <p>4. Our Performance Review and Development framework enables us to identify skills, competency and knowledge gaps and the training and development required to bridge those gaps.</p> <p>5. Our corporate strategic workforce plan and individual directorate workforce plans (see 7. below) set out strategies and actions to source our future leaders including an ambitious and innovative</p>	<p>Ongoing</p> <p>Sept 2015</p> <p>Ongoing</p> <p>Ongoing</p>	<p>ALEO Governance Hub</p> <p>IJB / Internal Audit</p> <p>HR</p> <p>HR</p>	<p>and staff engagement in the change programmes.</p>
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		<p>internal development programme (called “Aspire”) to tackle succession at senior management level.</p> <p>6. A more robust programme management approach has been introduced for SIP and Capital Plan delivery, monitoring and reporting all major programmes of work giving the senior management visibility of progress, interdependencies, issues and risks. A review is currently underway to build on this and establish appropriate governance and methodology for all change activity.</p>	Ongoing	PMO	
7.	<p>Ensure their council has a comprehensive workforce strategy to help manage the impact of staff reductions. The strategy should ensure that the council retains the ability to make changes and improvements, and is equipped to meet increased demand for services in the context of financial constraints.</p>	<p>A 5 year corporate strategic workforce plan has been produced which is updated annually and presented to Council when it approves its annual budget. It is an essential component of the Council’s Integrated planning framework including financial planning, improvement planning and workforce planning. Our plan sets out how we will continue to attract, develop and retain the right number and quality of employees we need with a strong focus on improving how we do business. Our workforce plan is regarded as an “exemplar” by the Improvement Service.</p> <p>Each directorate has its own workforce plan aligning workforce requirements to the corporate Business Plan and their own</p>	Ongoing	HR	<ul style="list-style-type: none"> • Consider the capacity and capability required to deliver the strategic priorities against the recruitment challenges experienced in the North East.

		<p>service plans. These workforce plans forecast future service demands, analyse workforce demand and supply, include action plans to bridge any current or anticipated workforce gaps and explain how success against those actions will be measured. A summary of each Directorate's analysis of current and future trends and resourcing/development needs is included in the corporate strategic workforce plan.</p> <p>We will develop succession plans for key occupational groups within our workforce i.e. hard-to-fill, business critical posts.</p> <p>We will increase the number of young jobseekers (e.g. school-leavers, apprentices and graduates) we employ to fill gaps. This will include increasing the number of apprenticeship/trainee schemes, placements in support of our Aberdeen Guarantee pledge, school pupil placements and exploring the possibility of becoming an accredited SVQ Training Centre, possibly as a shared arrangement with Public Sector Partners.</p> <p>We will ensure that a more cost effective investment in recruitment and/or training and development is made with a long-term objective;</p> <p>We will create potential career paths for</p>			
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	<p>internal staff and retain talent.</p> <p>Key Worker Housing Scheme introduced whereby the Council has made available a limited supply of Council-owned flats for providing temporary accommodation for key workers to assist with recruitment and relocation</p> <p>We will tackle the critical shortage of primary teachers through long term, sustainable solutions - Internal staff offered the opportunity to retrain as primary teachers through sponsorship by Aberdeen City Council. 15 employees started the course in 2015. (Note: It is hoped the Council, will be in a position to offer the same opportunity in September 2016)</p> <p>We will plan for succession for leadership roles – 12 more aspiring leaders have been added to the <i>Aspire Future Leaders Programme</i> which is in its second year.</p>			
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