ABERDEEN CITY COUNCIL

COMMITTEE	Audit, Risk & Scrutiny
DATE	27th June 2017
REPORT TITLE	Audit Scotland National Reports
REPORT NUMBER	OCE/17/10
DIRECTOR	Angela Scott
REPORT AUTHOR	Martin Murchie

1.   PURPOSE OF REPORT:-

1.1   The purpose of this report is to present a summary of Audit Scotland national studies published in the last cycle together with any actions taken or agreed to be taken by the Council in response to these.

2.   RECOMMENDATION(S)

2.1   that the Committee:-

(a)   note the detail of the reports:-

- "Principles for a Digital Future"
- "Local government in Scotland: Performance and challenges 2017"

(b)   consider officers' comments.

3.   BACKGROUND/MAIN ISSUES / OTHER HEADINGS AS APPROPRIATE

3.1   Audit Scotland has an annual programme of national reviews it undertakes. Some of these are specific to individual councils and Community Panning Partnerships, others are intended for local government and other public sector bodies more broadly. Since the last time this was reported to Committee there have been 2 reports with direct significance for Aberdeen City Council.

- "Principles for a Digital Future"
- "Local government in Scotland: Performance and challenges 2017"

3.2   A summary of each report is set out below.

3.3 Principles for a Digital Future

Summary

3.3.1 In the past five years, the Scottish public sector has spent around £4 billion on ICT, with over £856 million spent on procuring ICT in 2015/16 alone.

3.3.2 Digital technology offers huge potential for improving and transforming public services. Services are now designed to be digital:

- organisations are moving from paper-based to digital processes
- data is used and shared to help decision-making and service delivery
- citizens' expectations of digital services are increasing.

3.3.3 The report aims to pull together the main findings from Audit Scotland's series of recent reports on ICT project failures in Scotland, and to signpost Scottish public bodies to the learning points of others. The authors supplement the principles with case studies and examples to highlight key messages. They state that the principles should not be considered in isolation and all interact to create the right environment for a successful project.

3.3.4 The principles they identify are shown below:-

Planning	Clearly define the needs and benefits
	Understand and appreciate the likely complexity
	Identify people with the right skills and experience
	Break the project down into manageable stages
	Be aware of optimism bias
	Consider the procurement options early
Governance	Ensure governance is active and dynamic
	Integrate risk management
	Use an appropriate project management methodology
	Be an intelligent client
	Develop appropriate independent assurance arrangements
	Ensure honest and accurate project monitoring
	Build in appropriate quality assurance processes
Users	Identify all users and understand their needs
	Sustain engagement with users
	Help people make change happen
	Prioritise knowledge transfer

Leadership	Ensure senior leadership show drive and commitment
	Clarify and define lines of accountability
	Maintain stability and develop succession planning
	Recognise the role of culture and tone at the top
Strategic Oversight	Work within a central assurance framework
	Recognise that strategic oversight adds value

Officer Commentary:-

3.3.5   A Business Analysis and Project Management Framework is in place for Aberdeen City Council's IT & Transformation projects and is being continuously improved. This framework is based on recognised standards including those from the British Computer Society, PRINCE 2 and DSDM.

3.3.6   In scoping and understanding an ICT project, the business needs, potential benefits, requirements, project context, stakeholder mapping including their power and interest are all taken into account to determine the potential complexity and risk of the project. Solution options and procurement take into account the Council's Digital Strategy as well as the specific needs, risks and opportunities of the project. A business case is produced to justify a recommended option for approval.

3.3.7   Communication, engagement and change management is driven by the stakeholder analysis which is started early in the project and continually reviewed and updated.

3.3.8   Projects are directed by a Project Board whose members have appropriate authority for the size and complexity of the project. The Project Board will be asked to help manage project risks relating to culture, readiness for change and access to people with the right skills and experience. Project Boards are kept informed of project progress. Additionally, the whole digital programme reports into a wider Change Delivery Board.

3.4   Local government in Scotland: Performance and challenges 2017

3.4.1   Key messages:-

- Councils have faced significant challenges from a long-term decline in revenue funding and from an ageing and growing population. The scale of these challenges continues to grow. Policy and legislative changes are also placing additional demands on councils and changing how councils work.

- Councils are responding to the challenges by continuing to adopt alternative ways of working, reducing the level of service they provide and reviewing fees and charges. While some councils are making good progress in managing services and delivering savings, others are not. The pace and scale of reform needs to increase in some councils. Despite these challenges, councils' performance has been maintained or improved.

- With reducing budgets and workforces, councils will find delivering improvements increasingly difficult. It is critical, therefore, that they set clear long-term strategies and plans that target effort on priority areas. This includes organisation-wide workforce plans to ensure councils have the capacity to manage change and deliver services going forward. A councillor's role is complex, demanding and evolving. They are required to provide effective and strategic leadership, and it is therefore critical that their knowledge is up to date and skills are refreshed to enable them to establish strategic priorities, fully assess options for change and hold services to account.

3.4.2   Recommendations

	Councils should:	Officer Comments
1.	Set clear priorities supported by long-term strategies and medium-term plans covering finances, services, performance and workforce. These plans should inform all council decision-making, service redesign, savings and investment decisions	The Council's Strategic Business Plan is fully aligned to the Local Outcome Improvement Plan which covers the period to 2026. The Strategic Business Plan is reviewed annually on a rolling basis and is supported by a suite of Directorate Service level improvement plans.
2.	Ensure that budgets are clearly linked to their medium-term financial plans and long-term financial strategies. Budgets should be revised to reflect true spending levels and patterns. This requires good financial management and real-time information to ensure spending is accurately forecast and monitored within the year	A 35 year financial plan resulted in the Council achieving an Aa2 credit rating. The Council prepares medium term financial plans based on a range of assumptions. Since the Council is informed of the grant settlement on an annual basis, it is necessary to prepare an annual budget for approval by Members in February each year. Service Improvement Plans include an

		analysis of the resources available and required to deliver improved outcomes. Service options include a consideration of the impact on customers, staff and the use of resources. Strong financial management and forecasting is in place as evidenced by external audit. The Council continues to improve its approach to financial planning and management.
3.	Have an organisation-wide workforce plan to ensure the council has the people and skills to manage change and deliver services into the future	A refreshed corporate strategic workforce plan was presented to CMT on 24/11/16. It is an essential component of the Council's integrated planning framework including
4.	Ensure workforce data allows thorough analysis of changes to the workforce at an organisation-wide and department level. This will allow councils to better assess the opportunities and risks in staff changes	financial planning, improvement planning and workforce planning. The plan sets out how we will continue to attract, develop, retain and recognise talented and motivated employees with the right behaviours who are aligned with our vision and values. Our focus in our refreshed plan is on developing succession plans for key occupational groups within in our workforce i.e. business critical, hard to fill posts. Our plan identifies the occupations that fall into this category, the supply and demand issues these occupations face and the strategies, plans and activities that have been put in place to address these issues. Our workforce plan is regarded as an "exemplar" by the Improvement Service. Each service has included its succession plans for its key occupational groups within its Service Improvement Plan. A summary of each Directorate's succession plan is included in the corporate strategic workforce plan.
5.	Thoroughly evaluate all options for change and service redesign, including options for investing to save, and monitor the impact of change on council priorities and desired outcomes	The Council's Strategic Business Plan sets out its ambitions for change and improvement. This is supported by a programme of transformational change which includes clear processes for options appraisal.
6.	Support communities to develop their ability to fully participate in setting council priorities and making decisions about service redesign and use of resources	The Council provides leadership to the community planning partnership, Community Planning Aberdeen (CPA). CPA has introduced a new structure with community involvement throughout. Three new locality partnerships have been formed with more than 50% membership drawn from the local communities. Locality Plans to meet the requirements of the Community Empowerment (Scotland) Act 2015 has

		been developed in partnership with communities. A new Engagement and Empowerment Strategy has been implemented. The Council has invested in additional community development staff to support enhanced community engagement and empowerment. Approximately £500k was disbursed through Participatory Budgeting.
7.	Ensure councillors get support to develop the right skills and knowledge to fulfil their complex and evolving roles	The Elected member induction and professional development framework has been designed to ensure that members have the capability to carry out their roles as well as the capacity in terms of time and resource to attend any training; a review of the development programme was carried out in 2016 including a survey of how members view development and the timings and frequency of development based on that plans have been developed to ensure members are aware of what is available to them well in advance to allow for planning. The findings from this meant that the schedule of development for the first 100 days following the election was issued to all prospective councillors at the end of March 2017. As part of the Elected Member Induction, 1-2-1s will be carried out with all Members and development opportunities set out. The current development programme in place (specifically for the 1st 100 days following local election in May 2017) states what is essential and who should attend to ensure greater compliance.
8.	Ensure there is clear public reporting of performance linked to council priorities to help communities gauge improvements and understand reduced performance in lower priority areas	The Council's Strategic Business Plan and Local Outcome Improvement Plan priorities are aligned. We aim to ensure all public performance reporting for 2016/17 serves to illustrate our commitment to these priorities as well as meeting the Accounts Commission Direction 2016/17-2019/20 to provide meaningful performance information across the range of our activities including those undertaken with partners.
9.	Continue to work to understand the reasons for variation in unit costs and performance, and collaborate to identify and adopt good practice from each other	We continue to participate in the Local Government Benchmarking Framework and other benchmarking activity and to challenge areas of reducing performance including variations in unit costs between

		ourselves and our peer authorities. Analysing and understanding these variations and our local context is key to determining where shared good practice can drive up performance.

4. FINANCIAL IMPLICATIONS

4.1 There are no direct financial implications arising from this report.

5. LEGAL IMPLICATIONS

5.1 There are no direct legal implications arising from the recommendations of this report.

6. MANAGEMENT OF RISK

6.1 There are no identified material risks which would result from the approval of the recommendations in this report. The actions and recommendations contained in the report are a response to identified risks and are designed to mitigate these.

7. IMPACT SECTION

7.1 There is impact on the Council's governance arrangements through improved transparency, understanding and mitigation of the risks identified by Audit Scotland.

8. BACKGROUND PAPERS

8.1 Audit Scotland reports
   • "Principles for a Digital Future"
   • "Local government in Scotland: Performance and challenges 2017"

9. APPENDICES (if applicable)

9.1 None

10. REPORT AUTHOR DETAILS

Name	Martin Murchie
Job title	Policy, Performance and Parliamentary Liaison Manager
Email address	mmurchie@aberdeencity.gov.uk
Phone number	01224 522008

HEAD OF SERVICE DETAILS

Name	Ciaran Monaghan
Job title	Head of Service
Email address	cmonaghan@aberdeencity.gov.uk
Phone number	01224 522293