

Agenda Item	13
Report No	HC/3/20

HIGHLAND COUNCIL

Committee: The Highland Council

Date: 12 March 2020

Report Title: **The Highland Council, Best Value Assurance Report (BVAR) 2020**

Report By: The Chief Executive

1. Purpose/Executive Summary

- 1.1 A Best Value Assurance Report (BVAR) of the Council was conducted by the Council's external auditors Audit Scotland and Grant Thornton during summer - autumn 2019 and the final report was submitted to the Controller of Audit, Accounts Commission by the external audit team and considered by the Accounts Commission Board on 9 January 2020 with the final report issued and public on 23 January 2020.
- 1.2 The BVAR reflects on the past 10 years of the Council, the period since the last Best Value review in 2009/10. The report concludes that the council's pace of change has been inconsistent and slower in areas including improving performance and taking steps to ensure longer term financial sustainability over the period since the last review; there is also recognition that the pace of change has significantly increased under the stewardship of the new Chief Executive. The report highlights the financial challenges which the Council has faced and continues to face along with the need for improved long-term financial planning the building up the Council's reserves.
- 1.3 The report also reflects on the management restructure of the Council and the need for a period of stability to deliver the Council's change and improvement agenda.

2. Recommendations

2.1 Members are asked to:

- I. Consider the key findings of the report;
- II. Approve the BVAR Improvement Plan provided as Appendix 2 of this report;
- III. Note, as outlined in section 8 of the report the improvement actions that are already in place and being implemented to address the historic issues identified in the BVAR;

- IV. Note the relevance of the Accounts Commission report, How councils work: Safeguarding public money: are you getting in right in supporting Members' scrutiny role in the context of Best Value (Appendix 3);
- V. Approve the Terms of Reference (TOR) for the Community Planning Partnership (CPP) at paragraph 8.7 of this report as agreed by the CPP Board to strengthen the governance, accountability and performance of the Board in order to improve outcome.

3. Implications

3.1 Resource implications

It should be noted that the BVAR Improvement Plan is dependent on the approval of the Council's budget because this will underpin the Council's medium-term financial strategy. It should be noted there are additional resource implications for any Council requiring follow up audit work which is resources intensive. This has not been indicated in this BVAR report.

3.2 Community, climate change/carbon clever implications

There are no community, climate change/carbon clever implications arising from this report. However, the BVAR does reflect on the importance of Community Planning and Community Engagement in supporting the work of the Council and delivering Best Value and Statutory obligations.

3.3 Legal and Risk implications

Delivering Best Value is a statutory duty and an external audit of Best Value is an Important process for the Council and carries with it a reputational risk in relation to its outcome. There are also potential legal consequences for any Council requiring intervention and special measures following a poor outcome. This is not the case in relation to the Council's BVAR

3.4 Gaelic Implications

There are no implications arising from this report.

4. Background

4.1 The audit of Best Value is a continuous process that forms part of the annual audit of every council and 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. This is the first assurance report of the Highland Council and is provided as Appendix 1 of this report.

4.2 During 2019 the Accounts Commission produced a report in its 'How councils work' series on 'Safeguarding public money: are you getting it right?' This report was considered by the Audit & Scrutiny Committee on 28 November 2019 and focuses on analysis of the current operating environment of local government and provides scrutiny checklists to support councillors and officers consider how well public money is being safeguarded. A summary of the Accounts Commission report and the scrutiny checklists are provided to support Members scrutiny of the BVAR as Appendix 3 of this report.

4.3 The Accounts Commission has indicated that following this current round of BVARs there will be a greater focus on Best Value in addition to the accounts through the annual external audit of the Council. There will be, as outlined paragraph 4.1 above, a BVAR of each Council during each five-year appointment of the Councils' external auditors.

5. Audit Approach and Focus

5.1 There are three key elements to the new BVAR approach:

- The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. As outlined at 4.1 the audit of Best Value is now a continuous process, and this is the first overall assurance report (BVAR) of Highland Council assessing the Council against the duty of Best Value.
- The BVAR provides the Accounts Commission with assurance on a Council's statutory duty to deliver Best Value. Evidence to demonstrate Best Value by showing continuous improvement in how a Council delivers services is a central component. An assessment of the pace and depth of improvement are key to demonstrating a Council's capacity to meet their priorities in the future.
- Audit Scotland take an approach which is proportionate, and risk based, so it reflects the context, risks and performance of a Council. It also draws on the intelligence from audit and scrutiny work carried out in previous years.

5.2 The detailed audit work for the Council's BVAR was undertaken in May – September 2019. Audit work included:

- interviews with elected members and senior officers
- holding focus groups with members of staff
- observing a range of council and committee meetings, including area committees
- reviewing documents and analysing data, including Local Government Benchmarking Framework (LGBF) data
- interviewing a sample of the Council's partners, including those involved in the Community Planning Partnership (CPP).

5.3 Key areas of focus for the BVAR:

- The Council's vision and priorities and how these are embedded across the organisation. This included assessing how well the leadership of the council works together to deliver the priorities identified in strategic documents. This forms Part 1 of the BVAR.
- Managing performance, self-evaluation and measuring outcomes. This included an overall assessment of outcomes and performance and the council's reporting on these, including to the public. This form Part 2 of the BVAR.
- Planning the use of resources. This involved assessing how effectively the Council plans its use of resources, including asset management, financial planning, procurement and workforce planning. This forms Part 3 of the BVAR.
- Delivering services with partners. This involved assessing how the Council delivers services with partners, including through consideration of the lead agency model for health and social care and the City Region Deal developed in collaboration with partners to drive economic and cultural improvements. External Audit also considered how well services are developed in collaboration with others and how community engagement and empowerment affect the council's activities and delivery of services. This forms Part 4 of the BVAR.
- The Council's continuous improvement programmes were also reviewed, including assessing the overall pace and depth of change. This forms Part 5 of the BVAR.

6. Accounts Commission Findings

6.1 The Accounts Commission determined its findings its meeting on 9 January 2020 and thereafter informed the Council in writing on 16th January 2020. The findings

should be considered in the context of the key messages and recommendations outlined at sections 7 and 8 of this report. The Commission's findings are:

- 'The Commission accepts the Controller of Audit's report on Best Value in Highland Council. We endorse the recommendations set out by the Controller of Audit in his report and expect the council to act upon them and demonstrate improvement in the next 12 months.'
- 'We are disappointed with the progress made by the council since our previous Best Value audit in 2010.'
- 'We are concerned in particular that the council is not demonstrating that it is financially sustainable. In recent years the council has a poor record of meeting budget gaps, and thus it is critical that it meets a forecast budget gap of up to £77.3 million in the two years from 2020/21. Recent improvements in financial governance and controls will be vital in delivering this requirement.'
- 'We note with concern the Controller's conclusion that the council is not demonstrating all aspects of Best Value, but we acknowledge that there has been an increase in the pace of the change required to do this. We underline that the council needs to get better at its self-evaluation to be clearer about how it can improve. It is disappointing for example to note poor service performance, not least in the priority area of education.'
- 'Difficult decisions lie ahead for the council, requiring effective leadership. We therefore urge elected members to continue to work constructively together with officers and communities. Recent changes to decision-making and scrutiny structures will be integral to this, as will members making use of better-quality performance information to fulfil their responsibilities.'
- 'We note recent and ongoing changes to senior officer team and structure and we encourage the collaborative leadership required with members to maintain an increasing pace of change. The ownership and involvement of all staff in continuous improvement is another vital element in moving forward.'
- 'The Commission acknowledges the significant challenges of the geography and diversity of the Highlands. Given this context, we urge better progress by the council to work with its partners in delivering their community empowerment and locality planning obligations.'
- 'The nature of the Controller's recommendations are significant and it is vital that the council takes these forward to deliver Best Value. The Commission will therefore maintain a close interest in how the council moves forward. We ask the Controller of Audit to monitor this through the annual audit and keep the Commission informed accordingly.'

7. Key Messages

7.1 There are 10 key messages in the Accounts Commission report and these are discussed in more detail throughout the Commission's report which is attached as Appendix 1 of this report:

- Since 2010 Best Value report, the Council's pace of change has been inconsistent and slower in areas including improving performance and long-term financial planning. There is recognition of clear signs of a recent increase in the pace of change;
- The Council has a clear strategic vision, and this is well embedded across the organisation through the service planning process, but this has not yet led to consistent improvements in performance;
- Recognition of the size of the Council with 74 Members requiring a collaborative approach to decision making and implementation which is

often challenging. Members are viewed as working constructively together. The recent review of structures to support Officers and Members working together to deliver the Council's strategy is noted;

- That the Council has struggled to achieve agreed financial savings in-year including consistent overspend by Care and Learning. There is recognition that the Council is aware of this and has put robust financial and governance controls in place to address this. There is concern over the low level of reserves the Council holds with only limited contingency to meet unplanned cost. The importance of achieving savings and delivering transformation change is highlighted;
- That the Council needs to take a more consistent and systematic approach to self-evaluation and continuous improvement to achieve all aspects of Best Value;
- Recent structural and personnel changes are highlighted including a new approach to senior management engagement with defined geographies. A period of stability is seen as required to enable the leadership team to work together to deliver the improvements required to sustain and improve services in the future;
- Meeting all of the Council's commitments and priorities during a period of significant change is seen by external audit as very challenging;
- Performance against national benchmarking indicators is assessed as having deteriorated over a 5-year period, with poor performance in priority areas including education. Performance against most service satisfaction measures is assessed as good in line with the Council's citizens' panel results. A need to make better use of data and scrutiny to drive improvement is identified;
- The Council is seen to work well with its partners but progress in implementing some of the requirements of the Community Empowerment Act are seen as slow;
- The establishment of local community partnerships to support community planning is recognised with the identification of 25 communities to establish locality plans to address inequalities however it is also noted that not all plans are in place against an October 2017 deadline.

8. BVAR Recommendations

8.1 There are 7 recommendations outlined in the BVAR (Appendix 1, page 52) and the Council has prepared a BVAR Improvement Plan which is provided as Appendix 2 of this report. The development of the BVAR Improvement Plan was scrutinised and informed by Members through a workshop on 13 February 2020. As indicated at 2.1(ii) above improvements actions are already in place to address some of the historic issues identified and progress is regularly being reported to the Council, more detail is provided below.

8.2 Recommendation 1:

'The council needs to seek to ensure that all staff are fully engaged in the transformation programme and that budget holders are clear on expectations to deliver the planned savings set out in ongoing transformation work. The council should continue to develop and implement a longer-term delivery model which is affordable and achievable.' (paragraph 144, Appendix 1)

Improvement Action:

As noted by the Accounts Commission the Council is developing a longer-term delivery model and some progress has been made in making the transformational changes required (page 49, Appendix 1) and these are being driven by the

Council's Change Board and Redesign Board. A key element of the Council's ongoing strategy is to strengthen governance around financial/ budget holder responsibility including work by CIPFA on assessing the Council's financial management capabilities. A Resources Governance Board is also in place which is Member led and focused on strengthening financial controls. There has been extensive staff engagement on transformational change across the Council's geography and staff focus groups have been established along with new web resources to support staff input their views and suggestions. The report recognises that a new Communications and Engagement Strategy is in place and that the Council's new management structure has been designed to improve leadership visibility (paragraph 146, Appendix 1).

8.3 Recommendation 2

'The council should increase the use of family grouping data, benchmarking and targets to enhance performance reporting' (paragraphs 36–43, Appendix 1).

Improvement Action:

The BVAR recognises recent improvement in the Council's approach through the development of the new Corporate Plan. This has articulated trend data, family and national benchmark positions and Members have set stretch targets for improving the Council's national benchmark position. This new approach will result in enhanced performance reporting against targets in future starting with the SPI and Benchmarking Report to this Council and then the next annual performance report to Council in September 2020. Work is underway to review the Council approach to Service Planning to reflect the new Corporate Plan and ensure the Council's performance framework is effectively managed at Service and operational levels led by Executive Chief Officers.

8.4 Recommendation 3

'The council's approach to performance management can be further improved through sharing of practices between services and council teams in order to fully embrace and support effective self-assessment and a culture of continuous improvement.' (paragraph 19 and 44, Appendix 1).

Improvement Action:

The restructure of the Council has had a specific focus on improved performance management and continuous improvement. A key role of the new Executive Chief Officers is to work collaboratively across the Council putting in place arrangements for effective performance management and continuous improvement in their teams while supporting the overall corporate approach. As a first step in developing a new approach to self-assessment the Council agreed to engage the Chartered Institute of Public Finance & Accountancy (CIPFA) to deliver supported self-assessment of our financial capabilities. The aim is to achieve a CIPFA 5-Star Financial Management Model accreditation with an ambition to become a 5-Star organisation. The work with CIPFA is well underway and expected to conclude before the end of the financial year producing a management improvement plan.

8.5 Recommendation 4

'Once the council has implemented the revised governance arrangements, it should seek to monitor the effectiveness of these changes to ensure they deliver the improvements anticipated, including the intended enhanced scrutiny and decision-making.' (paragraph 24 and 29–32, Appendix 1).

Improvement Action:

The Council currently receives regular reports on progress in implementing the revised governance arrangements and these will continue until Council is satisfied that new arrangements are achieving the required improvements.

8.6 Recommendation 5

'Once the new leadership team is in place, it will be key that they look to successfully manage the need for increased pace of change alongside continued engagement across officers to achieve the strategic objectives and this should be reviewed and evaluated on an ongoing basis' (paragraphs 22–24 and 138, Appendix 1).

Improvement Action:

As recognised by the BVAR the pace of change has significantly increased under the stewardship of the Chief Executive and the new leadership team is already making an impact in terms of managing the pace of change and delivery of the Council's budget and Change Programme. There is also a focus on delivering the Council's Corporate Plan and the development of Service Plans for the first cycle of Strategic Committees in the new financial year for Members scrutiny.

To evidence this work there are regular reports to Council on progress delivering the Council's organisational transformation and transition with the most recent report to Council on 9th December 2019. In addition, as part of the budget process on 5th March 2020 the Council considered a paper on a Sustainable Highland, Change and Improvement Strategy 2020-2022. The strategy sets out how the Council must become an improving organisation, moving on from the creation of the new organisational structure and the minimum requirement to deliver safe and satisfactory services, to an organisation capable of achieving good, very good and even excellent levels of service across the Council within the next 3-5 years.

8.7 Recommendation 6

'The CPP should increase the pace in developing the remaining locality action plans in line with the requirements of the Community Empowerment Act.' (paragraph 88, Appendix 1).

Improvement Action:

The recommendation to increase the pace of developing locality plans will be discussed with the CPP along with the wider findings of the BVAR. The Partnership will consider what action to take in order to respond to the findings of the auditors. Through its own self-evaluative process, the Partnership has already identified a number of actions to improve the performance and governance of the CPP. A new structure, supporting a greater focus on performance and delivery of outcomes, was agreed at the CPP Board in December 2019. This includes new Terms of Reference (TOR) which strengthens governance and accountability of the CPP Board by: streamlining Board membership (For Council – 2 elected members and the Chief Executive), disbands the Chief Officers Group (COG) and replaces it with a Partnership Co-ordinating group to improve performance and delivery of outcomes locally and strategically. Members are asked to approve the new TOR which were previously approved by the CPP Board and can be found at the following link on the Members Intranet: [CPP TOR](#). This in turn will help to address a number of the findings of the CPP. To date 11 locality plans have been completed (2 led by Highland Council and 9 led by other partners) of the remaining 14 the Highland Council will lead on 4 in the Inverness area. This work will be supported by the Council's approach to place-planning and reducing inequality.

8.8 Recommendation 7

'The council should continue to work with elected members to understand

reasons for variable uptake of training and agree how this can be improved alongside a programme of ongoing elected member development. In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to enhance scrutiny and help drive improvement' (paragraph 63) (paragraphs 150–151).

Improvement Action:

As outlined in the BVAR report the Council through its Governance Review has set out plans for improved Member development and the detail will be submitted to Council for approval as plans are finalised. Engagement with Members needs to be ongoing in order to understand their training and development needs and the factors influencing the need to update their training. Work with Members on the development of the Corporate Plan in scrutinising performance trends and setting stretch targets is an early example of the direction of travel in developing Members knowledge and scrutiny role in performance and continuous improvement.

Date: 27 February 2020

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Appendices: 1. Highland Council, Best Value Assurance Report, January 2020.
2. BVAR Improvement Plan
3. Accounts Commission, How councils work: Safeguarding public money: are you getting it right? Summary overview.

Best Value Assurance Report

Highland Council



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
January 2020


The Accounts Commission

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.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

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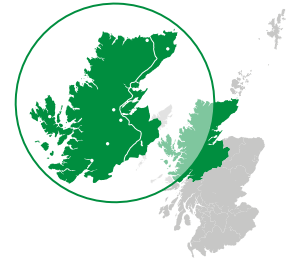


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Links

-  PDF download
 -  Web link
-

Key facts



Area



Population



Workforce
(number of full-time
equivalent employees)



Elected members
27 Independent
9 Liberal Democrat
3 Scottish Labour
20 Scottish National Party
11 Conservative and Unionist
1 Green Party
1 Sutherland Independent
Group
2 Non-aligned



Council houses



2019/20
revenue budget



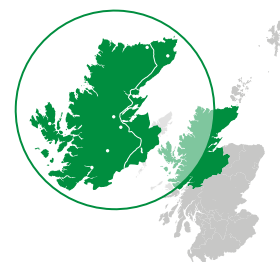
2019/20
capital budget



Budget gap
2020–23

Most
optimistic
£50.2m
Most
pessimistic
£77.3m

Commission findings



- 1** The Commission accepts the Controller of Audit's report on Best Value in Highland Council. We endorse the recommendations set out by the Controller of Audit in his report and expect the council to act upon them and demonstrate improvement in the next 12 months.
- 2** We are disappointed with the progress made by the council since our previous Best Value audit in 2010.
- 3** We are concerned in particular that the council is not demonstrating that it is financially sustainable. In recent years the council has a poor record of meeting budget gaps, and thus it is critical that it meets a forecast budget gap of up to £77.3 million in the two years from 2020/21. Recent improvements in financial governance and controls will be vital in delivering this requirement.
- 4** We note with concern the Controller's conclusion that the council is not demonstrating all aspects of Best Value, but we acknowledge that there has been an increase in the pace of the change required to do this. We underline that the council needs to get better at its self-evaluation to be clearer about how it can improve. It is disappointing for example to note poor service performance, not least in the priority area of education.
- 5** Difficult decisions lie ahead for the council, requiring effective leadership. We therefore urge elected members to continue to work constructively together with officers and communities. Recent changes to decision-making and scrutiny structures will be integral to this, as will members making use of better quality performance information to fulfil their responsibilities.
- 6** We note recent and ongoing changes to senior officer team and structure and we encourage the collaborative leadership required with members to maintain an increasing pace of change. The ownership and involvement of all staff in continuous improvement is another vital element in moving forward.
- 7** The Commission acknowledges the significant challenges of the geography and diversity of the Highlands. Given this context, we urge better progress by the council to work with its partners in delivering their community empowerment and locality planning obligations.
- 8** The nature of the Controller's recommendations are significant and it is vital that the council takes these forward to deliver Best Value. The Commission will therefore maintain a close interest in how the council moves forward. We ask the Controller of Audit to monitor this through the annual audit and keep the Commission informed accordingly.

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. This is the first assurance report on Highland Council. The findings from the previous Best Value report on the council are summarised in [Exhibit 8 \(page 46\)](#).

2. This report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular 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 are key to how well councils meet their priorities in the future.

3. Our audit approach is proportionate and risk based, so it reflects the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work carried out 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. Key areas of focus for our audit are listed in [Exhibit 1 \(page 7\)](#).

4. The detailed audit work for this report was undertaken in May, June and July 2019. Our audit work included:

- interviews with elected members and senior officers
- holding focus groups with members of staff
- observing a range of council and committee meetings, including area committees
- reviewing documents and analysing data, including Local Government Benchmarking Framework (LGBF) data
- interviewing a sample of the council's partners, including those involved in the Community Planning Partnership (CPP).

5. The audit work was carried out by a joint team from Audit Scotland and Grant Thornton UK LLP, the appointed auditor. Audit work in future years, performed as part of annual audits, will include a follow-up on the findings from this report and additional audit work on other Best Value characteristics as appropriate.

Exhibit 1

Key areas of focus for our audit

The audit considered a broad range of issues.



The council's vision and priorities and how these are embedded across the organisation

This included assessing how well the leadership of the council works together to deliver the priorities identified in strategic documents. Our findings on this are reported in [Part 1](#) of this report.



Managing performance, self-evaluation and measuring outcomes

This included an overall assessment of outcomes and performance and the council's reporting on these, including to the public. Our findings on this are reported in [Part 2](#) of this report.



Planning the use of resources

We assessed how effectively the council plans its use of resources, including asset management, financial planning, procurement and workforce planning. Our findings on this are reported in [Part 3](#) of this report.



Delivering services with partners

We assessed how the council delivers services with partners, including through consideration of the lead agency model for health and social care and the City Region Deal developed in collaboration with partners to drive economic and cultural improvements. We also considered how well services are developed in collaboration with others and how community engagement and empowerment affect the council's activities and delivery of services. Our findings on this are reported in [Part 4](#) of this report.



Continuous improvement programmes

We reviewed the council's continuous improvement programmes, including assessing the overall pace and depth of change. Our findings on this are reported in [Part 5](#) of this report.

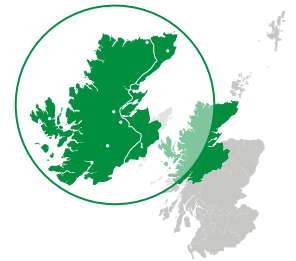
Source: Audit Scotland

6. Our analysis of the LGBF data reflects the 2017/18 results published by the Improvement Service. We have:

- commented in the report where the level of performance has changed
- analysed performance on a family grouping basis
- assessed performance against service satisfaction indicators.

7. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members and officers contacted during the audit.

Key messages



- 1** Since the 2010 Best Value report, the council's pace of change has been inconsistent and slower in areas including improving performance and taking steps to ensure longer-term financial sustainability. While the pace of change has recently increased significantly, previous examples of a lack of joined-up working have resulted in slower decision-making and differing service performance.
- 2** The council has a clear strategic vision, and this is well embedded across the organisation through the service planning process. However, this has not yet led to consistent improvements in performance.
- 3** The council is large with 74 elected members, and a high proportion of independent members. This has required a collaborative approach to decision taking and implementation which is often challenging. Governance structures have recently been changed to support officers and elected members to work together to deliver the council strategy.
- 4** The council has struggled to achieve agreed financial savings in-year resulting, for example, in the care and learning service consistently overspending compared to budget. The council recognises it needs to contain spending in-year to live within its financial means. It has established more robust financial and governance controls to reverse this trend. Given the low level of reserves there is only limited contingency to meet unplanned costs. Therefore, it is important that across the council all savings are achieved, and transformational change is delivered.
- 5** The council cannot demonstrate that it is achieving all aspects of Best Value as its approach to self-evaluation and continuous improvement has been inconsistent. A more systematic approach is required.
- 6** There have been several structural and personnel changes in the senior leadership team in recent years, including the appointment of the new Chief Executive in September 2018. A new organisational structure has been implemented, which aims to increase senior officers' engagement with defined geographical areas. A period of stability is now required for the leadership team to work together to deliver the improvements required to sustain and improve services in the future.

- 7** It will be very challenging for the council to meet all of its commitments and priorities during a period of significant change and with reducing resources. There are currently nine overarching strategic priorities and 22 strategic improvement priorities set out in the council's corporate plan.
 - 8** Performance against national benchmarking indicators has deteriorated over a five-year period, with poor performance in priority areas including education. However, performance against the service satisfaction indicators is good and in line with citizens' panel feedback. The council could improve its approach to performance management. Currently, it does not make good enough use of data and scrutiny to drive improvement.
 - 9** Generally, the council works well with partners and there are early signs of improved working with the third sector. However, progress implementing some of the requirements of the Community Empowerment Act has been slow.
 - 10** The Community Planning Partnership has recognised the need for more local representation and has established nine local community partnerships to work locally and engage with the public. The council and its partners have identified 25 communities to establish locality plans to address inequalities. Many of these plans are still not in place well beyond the October 2017 deadline set by the Scottish Government.
-

Part 1

Does the council have clear strategic direction?



There has been significant recent change in the leadership of the council at officer level. A new organisational structure has been implemented, which aims to increase senior officers' engagement with defined geographical areas.

The council's political make-up is complex but elected members work together constructively.

The council's vision continues to be clear and well articulated. Recent improvements to the corporate plan have provided clearer alignment between the council's programme and strategic improvement and operational priorities.

The approach to service planning is well established and there is clear alignment with the council's vision. However, this is not yet contributing to consistent improvements in performance across services.

It will be very challenging for the council to meet all of its commitments and priorities during a period of significant change and with reducing resources.

Highland Council covers a large and varied geographical area

8. Highland Council covers an extremely large and diverse geographical area, which represents a third of the land area of Scotland. The total population of the area is 235,180, split across eight regions spanning 9,906 square miles. This includes 14 island communities and several communities that are considered remote and rural. Inverness is the largest settlement area in the region, with a population of around 64,000. Providing services that meet the needs of different remote and rural communities is a challenge for the council.

9. Between 1998 and 2018, the population of Highland increased by 12.8 per cent. This is the seventh highest percentage change of all 32 council areas in Scotland. Analysis of the percentage change in population by age shows the

largest movement was in the 75+ age group, with a 57.4 per cent increase. The most recent population projections show that if current trends continue the population is expected to rise to 237,988 by 2041, a 1.2 per cent increase from 2016. However projected growth is uneven; increases are projected for the Inner Moray Firth and Skye and Lochalsh areas while population decline is projected in all other areas.

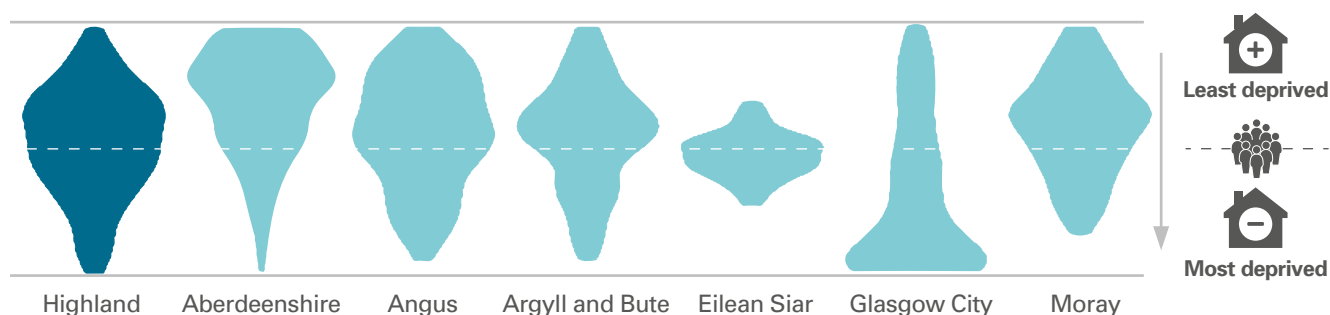
10. The council faces challenges posed by an ageing population and this is reflected in its workforce profile. Although staff turnover levels have remained broadly stable since 2014/15, 41 per cent of all employees are aged 50 or over. The council is the major employer in Highland, with around 10,000 employees distributed across the council area. More than 95 per cent of employees work outwith the council's Inverness headquarters. The dispersed geography of the region brings recruitment challenges caused by remote locations with fewer amenities, or limited employment opportunities for families of council staff in rural areas. The average gross weekly pay in Highland in 2018 was £557.00, compared with an average of £562.70 across Scotland.

11. The most recent Scottish Index of Multiple Deprivation (SIMD) data, from 2016, identified 20 data zones in Highland that are within the 15 per cent most deprived in Scotland. This was an increase of three (data zones) from 2012 and an increase of four since 2009. Highland's profile of deprivation suggests that relatively few households are at the extremes, that is, relatively few are in the most or least deprived areas ([Exhibit 2](#)).

Exhibit 2

The distribution of deprivation in Highland compared with other councils

Highland's profile of deprivation suggests that relatively few households are at the extremes.



Note: The top of the shape shows the proportion of the population in the least deprived areas, working down to the proportion of the population in the most deprived areas.

Source: Open Data Manchester using Scottish Index of Multiple Deprivation (SIMD), 2016. SIMD is the official tool for identifying the most deprived areas in Scotland. It looks at multiple aspects of deprivation such as resources and opportunities as well as low income.

12. The council has also adopted the socio-economic performance (SEP) index as a way of identifying inequalities in Highland, given that the SIMD does not always accurately represent deprivation in rural settings owing to the dispersed nature of rural communities. The SEP index combines 20 indicators organised to reflect the strategic objectives of the Scottish Government: wealthier/fairer, healthier, safer/stronger and smarter. These indicators include health, income, benefits, access,

education and population data and have been ranked across Highland. The council has identified 48 of 292 areas where inequalities are most acute. When combined, this has identified 25 communities for locality planning. Those areas require targeted locality planning, as stipulated in the Community Empowerment Act.

The council's strategic priorities have remained stable over time

13. The council has been broadly consistent in its strategic priorities since the previous Best Value report. The 2010 report noted that the council could demonstrate 'a clear vision for the Highlands which is shared by partners and clearly defined in strategic plans'. Although there have been several changes in the political leadership of the council since 2010, this has not had a significant impact on the strategic direction. This consistency has provided continuity and focus for partners and staff in delivering on key priorities and objectives. More recently, the council has improved the articulation of the vision in strategic documents and significantly reduced the number of priorities to be achieved. The programme between 2012–15 included 129 priorities across seven main themes. This has now fallen to 51 in the 2018/19 version.

14. The Best Value audit timeline ([Appendix, page 54](#)) lists the main events that have taken place since the previous Best Value report was published in 2010.

15. The current council programme covering the period 2017–22 is 'Local Voices, Highland Choices'. The themes of this programme are broadly in line with previous programmes. It adds a focus on the redesign of the council, reflecting the recognised need for change. This period shows the most significant pace and depth of change, particularly following the appointment of the new Chief Executive in September 2018. This triggered a change in the council's vision: it now seeks to be 'ambitious for a sustainable, connected Highland', and this was supported by extensive staff and community engagement on the budget for 2019/20. It is too early to draw conclusions on these recent developments, but the early signs are positive that the council is embracing the need for a quicker pace of change.

The council's vision is clear and well embedded across the organisation. Recent improvements have been made to better align the council's programme and strategic improvement and operational priorities

16. The council's vision and priorities are set out clearly in the key strategic documents. Senior officers and elected members are satisfied with the clarity of the council's vision and there is consensus in the organisation that the vision is well embedded and reflected in key activities. The development of the vision involved cross-party elected member involvement through a series of member workshops as well as input from council officers. The public were also able to feed in to the development through engagement sessions on the council budget. The strategic documents are available to the public online and include:

- The Highland Outcome Improvement Plan (HOIP) – this sets out the priorities of the CPP and includes outcomes developed to support the CPP's main ambition to tackle the issues that lead to inequalities.

- The council programme – ‘Local Voices, Highland Choices’ is the council’s programme for 2017–22. It is based on five themes: a place to live, a place to learn, a place to thrive, a welcoming place and a redesigned council.
- The corporate plan – this sets out nine overarching strategic priorities supported by 22 strategic improvement priorities. It also shows the outcomes that the council aims to deliver through ‘Local Voices, Highland Choices’. The nine overarching strategic priorities are:
 - Make the Highlands a stronger, healthier and more resilient region
 - Work to invigorate local democracy and put communities at the heart of the design and delivery of services at a local level
 - Protect the vulnerable in communities, promoting fairness and welcoming diversity
 - Support all children and families to learn and thrive by delivering a whole system approach to education and integrated children’s service
 - Promote the contribution older people make to communities and help them have an active lifestyle and stay in their own homes with appropriate support
 - Work collaboratively to drive economic growth and champion innovation as well as ensuring infrastructure meets the needs of businesses, citizens and visitors
 - Address the financial challenges with a positive vision of change
 - Safeguard and enhance Highland’s significant reputation and standing
 - Address the climate and ecological emergency, minimising the carbon footprint and working with partners to adapt to the changing climate.
- Service plans – council departments have their own service plans, which feed into the corporate plan.
- Change strategy – ‘A Sustainable Highland’ covers the period 2019–22 and sets out how the council plans to use its resources to deliver the commitments and priorities articulated in the corporate plan.

17. The council may be unable to meet this number of commitments and priorities during a period of significant change and with reducing resources. To mitigate this risk, the council is using its change fund and programme management governed by a change board which aims to ensure delivery of improvement priorities. Progress is now reported at each meeting of the council.

The council’s approach to service planning is well established and there is clear alignment with the council’s vision. However, this is not yet delivering consistent improvements in performance

18. The council’s approach to service planning is well established. Service plans are updated every year and are submitted to the relevant service committee for approval. Each service plan sets out a service background, a high-level performance analysis and a link between service priorities and corporate priorities. Guidance is prepared by the Corporate Performance Team to ensure

that a consistent approach to service planning is adopted across the organisation. The council has made further improvements to strengthen service planning by developing more robust service workforce plans. These plans feed in to the council's new strategic workforce plan.

19. Although the service-planning process is well established, it is not yet contributing to the delivery of consistent improvements in performance. As noted in **Part 2** of the report, the council's performance in some key services is poor in comparison with other Scottish local authorities despite priorities remaining fairly consistent. The council should use the service-planning process to embed a culture of performance improvement across the organisation, including more consistent use of self-evaluation and self-assessments. Improvements are also required as to how performance information is used to trigger improvement activity.

There has been a great deal of recent change in the leadership of the council, particularly among senior officers

20. The Chief Executive was appointed in September 2018 and has implemented major changes to the council's organisational structure over a short time. New posts created in the structure aim to increase senior officer engagement at a local level. The eight new executive chief officers have a range of corporate responsibilities alongside their service function and each are linked to a specific geographical area.

21. Evidence gathered during fieldwork suggests that there has been a lack of joined-up working within the council for a number of years and this is one factor that has contributed to the council's challenge in achieving continuous improvement. Teams and services in the council were working in isolation and there was little communication across the organisation. This restricted the opportunity to share information, learning and experience, and slowed progress in making improvements. This is further evidenced by a lack of consistent performance improvements across services. The council's new organisational structure has been developed with a view to addressing this issue, with greater focus on services working more closely together to share knowledge and good practice, as well as to give each locality a senior officer to represent it.

The council must ensure that the senior leadership team work together to deliver the level of transformational change required

22. A major restructure of the council's leadership team is currently taking place, but it is too early to judge its effectiveness. Although there is a risk that significant staff turnover at a senior level will lead to a loss of corporate memory for the council at a time of financial challenge and uncertainty, there is a recognised need for a quicker pace of change than has happened previously.

23. The Chief Executive has identified areas for improvement and has already implemented significant changes over a short time. Although the council needs to increase the pace of change, it is important that there is a strong focus on staff wellbeing and resilience as part of this approach to manage the risks. Feedback gathered by the council so far has been positive, through engagement with staff at staff forum meetings. However, staff focus groups carried out as part of audit fieldwork identified some concerns. These focused mainly on the challenge of dealing with change alongside maintaining service delivery with reducing resources.

24. The council expects to complete its recruitment to its leadership team by early 2020. The only vacant post is the Depute Chief Executive. The new leadership team now needs to come together and use collective leadership to support the Chief Executive in maintaining the current pace of change, while ensuring their respective teams are engaged, committed and supported.

The council's political membership structure is complex, but elected members are working together constructively

25. The council has 74 elected members, representing 21 multi-member wards. The political representation is made up of a 27-member Independent group, nine Liberal Democrats, three Scottish Labour, 20 SNP, 11 Conservative and Unionist, one Green Party, one Sutherland Independent Group and two non-aligned. Although complex, the current political set-up is constructive, with elected members committed to working together for the good of the Highlands.

26. Following the 2017 local government elections, the council formed a coalition administration of the Independent group, the Liberal Democrat group and the Labour group. Coalition administrations are a feature of the council ([Appendix](#)). The current opposition groups are SNP and Conservative and Unionist. Thirty-one new members were elected in 2017.

27. The political make-up of the council can, at times, present a challenge to effective decision-making, in particular balancing council-wide decisions aligned to council priorities alongside the needs of the local communities that elected members represent. Thirty of the council's 74 elected members are not aligned to a political party but are independents.

28. There are positive relationships between officers and elected members. Improvements have been made since the appointment of the new Chief Executive. This has also contributed to improvements in the relationship between the administration and opposition groups of elected members. For example, members of different parties collaborated more on developing the 2019/20 budget than previous ones, and committee convenors and council officers have closer working relationships. Elected members and officers need to continue to build on these improvements to support the council through a period of transformation.

Some improvements have been made to the council's governance arrangements recently

29. The council has recently carried out a comprehensive review of governance arrangements at both strategic and local levels. This involved direct engagement with elected members and communities and was designed to support the council through a period of transformation, including significant structural and organisational changes and a renewed focus on financial and performance management. The review focused on three main themes: strategic governance, elected members' training and development and managing the business.

30. A Governance Review Steering Group has been established. This group includes elected members and officers and has reviewed governance arrangements in other Scottish local authorities. The group recognises that further investigation work remains to be done, including looking at councils that have

recently implemented changes to governance structures to see what benefits have been delivered. This represents a positive development, with the council seeking to learn from others.

31. The early signs are that the governance review is progressing well; however, the council recognises that it will take time for the new arrangements to become fully embedded across the organisation. Changes instigated by the review include:

- a reduction in the membership of the Audit and Scrutiny Committee (24 to 14) alongside the introduction of a mandatory training programme for elected members
- the development of an enhanced training, development and wellbeing programme for all elected members
- changes to report formats with a view to improving overall scrutiny levels at committees.

32. The new arrangements have not yet had time to fully bed in, so it is too early to conclude on their overall effectiveness. The council should continue to monitor the changes over the short term and review them again when the senior leadership team is fully established.

Area committees provide an effective means of highlighting issues, sharing information and driving cross-partner action

33. In response to recognising the need for more local decision-making, the council piloted area committees between 2012 and 2015. Initially, this involved two areas but progressed to eight area committees by 2017, providing coverage across the full region. Area committees are now an integral part of the council's committee framework and provide an effective means of highlighting issues, sharing information and driving cross-partner action. They are attended by elected members, officers and representatives from partner bodies, and each has a ward manager in place to coordinate activity.

The council operates in a transparent manner

34. The council publishes agendas, papers and minutes on its website, providing transparency to stakeholders and enabling members of the public to obtain information on key decisions made by the elected members. Council and committee meetings are broadcast live online and made available as webcasts on the council website.

Part 2

How well is the council performing?



Performance against national LGBF indicators has deteriorated over a five-year period. For 2017/18, 70 per cent of indicators sit within the bottom two quartiles. This includes areas that have been council priorities for a number of years.

The council has recently established 27 key performance indicators (KPIs). It reports that 81 per cent of these indicators are either improving or being maintained. However, this analysis does not consider performance against targets. The council does not do enough to use targets and family grouping data to trigger improvement activity.

Performance against LGBF service satisfaction indicators is good and in line with citizens' panel feedback.

Weaknesses were identified in elected members' knowledge of and involvement in the performance management process.

The council reports that the majority of its KPIs are improving or being maintained. However, the transparency of reporting and approach to continuous improvement could be improved by using targets

35. The council has many performance indicators (144), and reports against them as part of public performance reporting duties. Of the 144 indicators included in the council's suite, there are 27 that the council consider to be 'key' in that they provide a high-level overview of the council's performance overall. These indicators have been selected because of their importance in showing effective delivery of key council functions. The KPIs provide a more concise summary of performance and are clearly linked to the council's corporate plan. Of the 27 indicators selected, 21 are from the national LGBF.

36. A summary of performance against KPIs is included in the local and national statutory performance indicators report presented to full council on an annual basis. The most recent report, presented in March 2019, covers the 2017/18 reporting period and shows that 22 of the 27 indicators (81 per cent) are either improving or being maintained. The council reports that this demonstrates that

it is performing well against its KPIs. However, the transparency of reporting and approach to continuous improvement could be improved by using targets as well as trend analysis. At present, it is not clear whether these indicators are performing above or below the target level. National averages are provided along with short-term trend analysis, but there is limited evidence to demonstrate that performance is in line with the targets set. It is also unclear whether or not stretching targets have been set, with a view to continuous improvement.

37. Very recently, the council has set targets for improvement across the 74 indicators included in its new corporate plan. The majority of these are nationally benchmarked. It is intended that this recent development will improve the transparency of reporting and the council's approach to continuous improvement.

Performance against national LGBF indicators has deteriorated over a five-year period

38. The LGBF allows councils to compare their performance with the Scottish average for a variety of indicators. 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 quartile 4 contains the poorest-performing councils.

39. The council reports annually on performance against the national LGBF performance indicators in the annual Statutory Performance Indicators (SPI) report. This shows information for the previous two years, performance against Scottish averages and quartile ranking.

40. The key messages and issues arising from the data are detailed in the SPI report. For 2017/18, the council concluded that services need more detailed analysis to understand the factors that link performance and resource, identifying opportunities where self-assessment, redesign, lean principles and benchmarking can support learning and improvement activity. The council hopes that this will provide greater clarity on the impact of budget decisions.

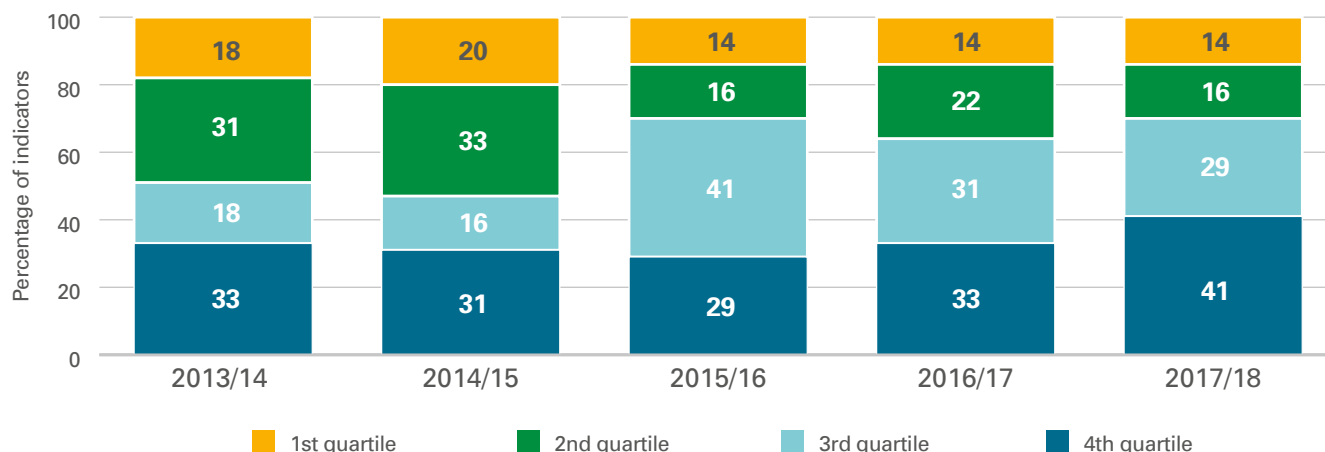
41. Our analysis of Highland Council's LGBF indicators is based upon 49 single-year, mainly outcomes-based indicators, which have been reported on every year in the five-year period. The analysis shows a deterioration in performance over time. This is a cause for concern. For 2017/18, 70 per cent of indicators sit in the bottom two quartiles ([Exhibit 3, page 19](#)).

42. We note underperformance in priority areas such as education and sickness absence days per teacher. Indicators in the top quartile include gross rent arrears as a percentage of rent due and the percentage of adults supported at home who agree that the services and support had an impact on maintaining their quality of life.

Exhibit 3

The council's LGBF relative performance, 2013/14–2017/18

From 2013/14 to 2017/18, the council's performance has deteriorated.



Note: This analysis is based upon 49 single-year, mainly outcomes-based indicators, which were reported on as part of the Local Government Benchmarking Framework every year in the five-year period.

Source: Audit Scotland analysis of Local Government Benchmarking Framework, Improvement Service

There is limited evidence to demonstrate that the council has consistently used benchmarking and family grouping data to trigger improvement activity

43. As part of the LGBF, councils with similar demographic characteristics have been grouped into family groups so they can share good practice and work together to improve services. The council has not routinely used family grouping data as a trigger for improvement activity. Performance information reported to committee includes trend analysis and comparison with Scottish averages through benchmarking. However, there is little evidence to show that the council has considered performance against other councils with similar profiles. The council could make more use of this comparative data to help with its improvement.

44. The council's approach to improvement has been inward-looking and this extends to performance analysis. Although benchmarking information is reported, it is not always clear how this has been used to identify areas for improvement. There are examples of the council making good use of performance information in some services, but this is not replicated across the organisation. The council needs to implement effective processes for sharing good practice between services and teams.

Performance improvements are required in Children's Services

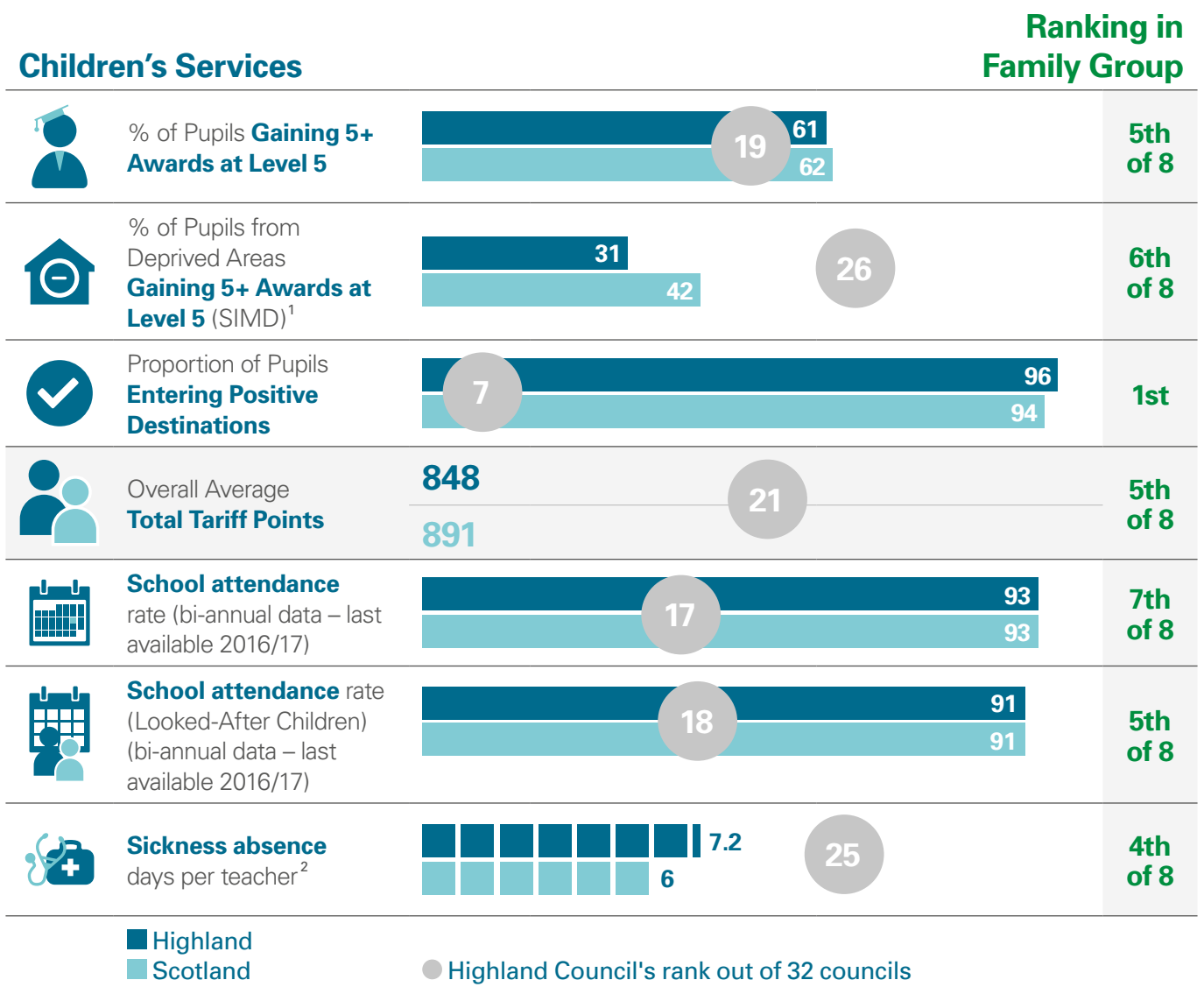
45. We carried out further analysis on performance information reported in Children's Services, a priority area for the council. Most LGBF Children's Services indicators are performing in the bottom two quartiles. The most recent results, for 2016/17 and 2017/18, show 88 per cent and 87 per cent of indicators are in the bottom two quartiles. This gives clear cause for concern. The council recognises this and is now taking action to address this area of weakness. The Chief Executive has recently introduced targets to improve attainment levels with a view to achieving performance results that sit within quartile 2.

46. The council’s KPIs include eight Children’s Services indicators. Seven of these are taken from the LGBF. The council’s analysis shows that seven of these eight indicators are improving. However, our analysis of these seven LGBF indicators against family grouping and national comparators shows poor performance for the majority ([Exhibit 4](#)). Highland Council is in a family group with Angus, Argyll and Bute, East Lothian, Midlothian, Moray, Scottish Borders and Stirling councils for Children’s Services indicators. This family grouping analysis is not routinely reported to elected members and the public and contributes to a lack of scrutiny of performance information. The council could make better use of this analysis to help support continuous improvement.

Exhibit 4

Highland Council’s performance against Children’s Services KPIs in 2017/18


Highland Council performed poorly against the national average and similar councils for most indicators



Notes:

- Four councils did not submit data for this indicator.
- Highland Council is in a family group with Aberdeenshire, Argyll and Bute, Scottish Borders, Dumfries and Galloway, Eilean Siar, Orkney Islands and Shetland Islands Councils for Corporate Services indicators.

Source: Audit Scotland analysis of Highland Council 2017/18 LGBF data

47. Further analysis of the indicators shows consistently strong performance exceeding the Scottish average for pupils entering **positive destinations**  after schools, with the council ranked seventh overall among all Scottish councils. This presents a complex picture. Even though attainment levels are poor, positive destination statistics have increased year on year and have been higher than the Scottish average for the last five years. Positive destinations remains a priority within the Care and Learning service plan for 2019/20.

The CPP performs well against the National Performance Framework indicators

48. The Community Planning Outcomes Profile (CPOP) helps to assess whether or not the lives of people in a community are improving, using a set of core measures on important life outcomes. CPOP indicators are relevant to the council and the CPP.

49. An interim partnership performance report was presented to the CPP Board in March 2019. It analysed key performance indicators for the Highland CPP from the Scottish Government's National Performance Framework (NPF). This compared performance with the Scottish average as well as that of the CPP's related family group. The results show that the CPP performs well in terms of overall performance against the key indicators from the NPF. Positive results include higher than average performance in:

- positive destinations achieved by school leavers
- employment rate
- business survival rate
- crime rate per 10,000.

50. The report also picks out areas where the partnership scores below the national or family group average. These include median earnings, fuel poverty and the percentage of Primary 1 school children with a healthy body mass index. These areas have been highlighted by the partnership, and they link to HOIP themes such as reducing poverty, infrastructure and mental health and wellbeing. It is not yet clear if action plans have been developed in response to these findings.

Service satisfaction exceeds the Scottish average in over half of the indicators, but others perform less well

51. The LGBF includes indicators to assess customer satisfaction with council services. These are based on results from national surveys. Our analysis of these indicators shows that the council performs above the national average in terms of satisfaction with schools, refuse collection, street cleaning, social care services and library services ([Exhibit 5, page 23](#)). It is below average for parks and open spaces, museums and galleries, and leisure facilities.

52. The council has conducted an annual performance and attitudes survey with the local citizens' panel every year since 2003. The most recent was in May and June 2018, and a report presented to council provides an analysis of the views of the 1,152 Highland residents who responded. Key findings from each of the



Positive destinations:

School leavers who are engaged in higher education, further education, training, voluntary work, employment or activity agreements are classified as having a 'positive destination'.

Source: Scottish Government

questions in the survey are presented and, where appropriate, comparisons are made with the findings of previous surveys.

53. The survey shows levels of satisfaction with council services. Services with satisfaction scores of at least 70 per cent include walking routes, libraries, recycling facilities and swimming pools. Of the 48 services areas surveyed, there were more positive views than negative views for 43 of them. Satisfaction levels were lowest for road repairs and potholes. The results show consistent trends with a similar profile over a number of years. However, the council note a declining year-on-year trend in whether people completing the survey feel listened to, from 78 per cent answering “yes” in 2013, to just over half (54 per cent) in 2018.

54. A housing tenant survey is also carried out every three years. The council has collated results from the most recent survey, issued in late 2018. This survey was designed to identify tenant opinions, such as on the Highland Council as a landlord, preferred communication styles, rents and value for money, and the quality and maintenance of homes. The survey was posted to 13,404 tenants and the council received 2,343 responses (17.5 per cent). Responses show that satisfaction with the housing services provided has improved since the previous survey in 2016, with over three-quarters (78.1 per cent) of respondents saying they were either very or fairly satisfied. This represents a small increase in satisfaction level from 74 per cent in 2016.

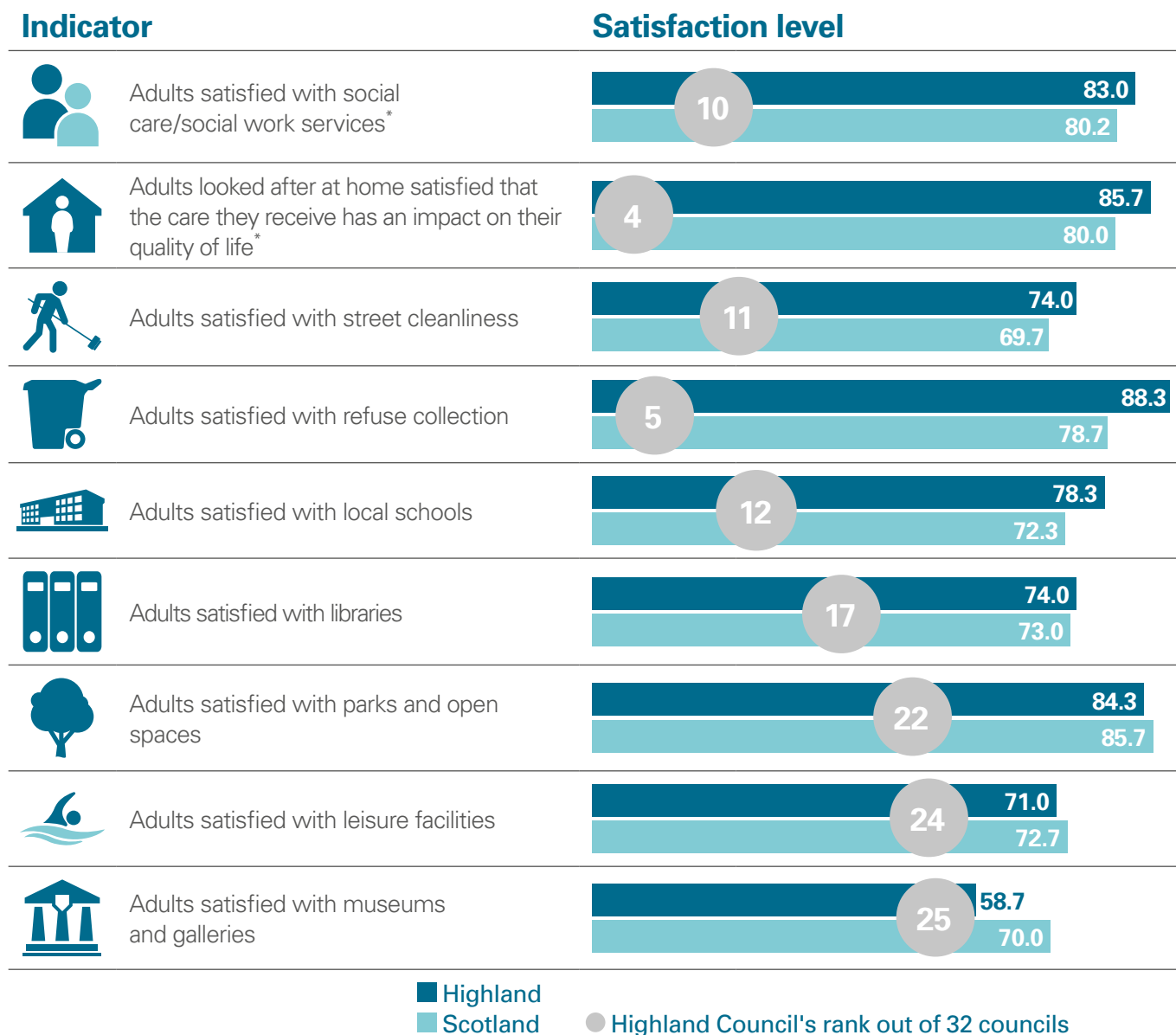
55. The 2018/19 Scottish Housing Regulator landlord report for Highland Council shows results generally well below the Scottish average:¹

- 78.3 per cent said they were satisfied with the overall service it provided, compared to the Scottish average of 90.1 per cent.
- 69.4 per cent felt their landlord was good at keeping them informed about its services and outcomes compared to the Scottish average of 91.6 per cent.
- 56 per cent of tenants were satisfied with the opportunities to participate in their landlord’s decision-making, compared to the Scottish average of 86.5 per cent.

Exhibit 5

Highland Council's performance against LGBF service satisfaction indicators 2015-18

Highland Council generally performed well on service satisfaction indicators.



Notes.

1. Satisfaction levels are based on three-year rolled average responses to Scottish Household Surveys.
2. Indicators marked '*' are from the Scottish Health and Care Experience Survey and presented for 2017/18.

Source: Audit Scotland using the LGBF satisfaction measures from 2015-18

The council is developing its performance management framework. However, it is too early to draw conclusions on the effectiveness of new arrangements

56. As part of the move towards the new strategic improvement priorities, the council has also set out an approach to developing a Highland Improving Performance Programme to deliver performance improvement consistently and

robustly across the organisation. This builds on the performance management framework already in place and is part of a new culture being advocated by the Chief Executive. The objective of the programme is to achieve the council's ambition to be a high-performing council driven by a culture focused on improvement.

57. The council recognises that elected members' input to performance management needs to improve, and that it needs to use targets to deliver improvement and introduce a systematic and structured approach to self-evaluation. This has featured as part of the ongoing governance review, with new arrangements for member training in development. Recently, the council has also improved the reporting of its corporate plan, with clearer emphasis on targets and improvement priorities.

58. A clearer focus on improving performance across the council is still required. The council should continue to develop the performance management framework and implement it across the organisation as soon as possible. A consistent approach is likely to improve scrutiny, and this may contribute to improvements in how performance management is used to benefit the council and deliver improvements in service delivery.


Public performance reporting could be used more effectively to assess the council's progress against targets

59. It is important that councils report their performance clearly to local citizens and the community. Detailed reporting on performance at a service level is provided to elected members at various committees. However, the council's overall annual performance reporting to elected members and the public could be improved. Reporting could be clearer about progress against targets. This would provide additional context and transparency for users of the report and show a more balanced picture of overall performance.

60. When reviewing Highpoints, the council's quarterly online magazine, it was difficult to judge how well the council performs overall. Although it provides detailed information on key achievements, survey results and benchmarked indicators, it is not clear if the results are in line with the council's expectations and how results compare with targets. Furthermore, Highpoints focuses mainly on good performance and does not fully explore poorer performance. It is unclear from the magazine how the council plans to address areas of underperformance and drive improvement.

61. The council also prepares an annual corporate performance report. This provides an assessment of performance against the corporate plan, which is the performance framework for the council programme. The analysis focuses on performance against commitments in the plan and provides a commentary on progress made throughout the year. The report sets out whether commitments are complete or progressing well and if performance is being maintained. It also highlights where performance is mixed and any commitments that have not been met.

62. Although the level of detail provided is reasonable, it is difficult to determine overall success in delivering against the commitments. The clarity of reporting could be improved by using more measurable indicators and targets for each commitment. The council has started to address this through its new corporate plan (updated in September 2019). This includes targets against family

group averages and national benchmarks that reflect the council's objectives and recognise areas of underperformance. However, the council should consider carrying out further work to ensure that all targets included in the corporate plan are **SMART** . This will make it easier for elected members and members of the public to scrutinise performance in the future.

Improvements are required in elected members' knowledge of the performance management process and their involvement in it

63. Although there is clear evidence that performance information is regularly reported to elected members, improvement is required in relation to elected members' knowledge of and involvement in the process. In March and April 2019, the council surveyed a sample of elected members and found that 63 per cent of respondents felt they needed training to help them to better understand performance management, and 60 per cent were not aware of self-evaluation and review processes in the council. This highlights a training issue and links to judgements in [Part 1](#) of the report. More focused and tailored training is required. The council has taken early steps to develop this through work carried out as part of the governance review, with plans in place to implement a more personalised training programme for elected members before the end of 2019.

64. Elected members also highlighted the need for more concise reporting to improve scrutiny of performance at committee level. Feedback in the recent survey identified the need for a greater focus on performance against priorities, and the use of targets and benchmarking to deliver improvement. In response to this feedback, officers have recently carried out work with elected members on developing corporate plan targets.

65. Overall, the results of the recent survey of elected members show that there is still some disconnection between performance information produced and how to use it to improve the council. If elected members do not understand it adequately, they may not be able to scrutinise performance robustly. This is demonstrated by the fact that only 40 per cent of officers indicated in a recent survey that elected members usually challenge them. Evidence gathered suggests that there is inconsistency between strategic committees in how performance information is used.



A SMART target is:

- S**pecific
- M**easurable
- A**chievable
- R**ealistic
- T**ime-based

Part 3

Is the council using its resources effectively?



The council's three-year budget, which covers 2019/20 to 2021/22, recognises the financial pressures facing the council. The council faces significant financial challenges over the coming years, with the latest financial forecasts projecting a funding gap of £50.2 million to £77.3 million between 2020/21 and 2022/23.

Financial management at the council could be improved. Some council services have continued to not deliver services within the annual budget set, either through in-year overspends or not making the planned level of savings.

Financial pressures have resulted in the council using its general fund reserves to the extent that these are now one of the lowest in Scotland, leaving little financial contingency.

The council has improved its workforce planning arrangements. The current workforce planning strategy was developed in 2017 and this is supported through service workforce plans. This should support greater alignment between strategic and operational resource planning.

The council's three-year budget, which covers 2019/20 to 2021/22, recognises the financial pressures facing the council. The latest financial forecasts project a funding gap of £50.2 million to £77.3 million between 2020/21 and 2022/23.

66. The council set a three-year budget for the first time in 2019/20 which covers the period, 2019/20 to 2021/22. The budget recognises the financial pressures facing the council and followed a public consultation exercise 'Your Voice, Your Council, Your Future' to help shape the areas of planned investment and use of resources. This included an online budget engagement survey and community engagement sessions.

67. The council has estimated a potential funding gap of between £50.2 million (most optimistic) and £77.3 million (most pessimistic) over the next three years covering 2020/21 to 2022/23. The council's non-earmarked reserves play a

critical role in supporting the council meeting any additional investment required in strategic transformational programmes, as well as managing any unforeseen expenditure that could not be met through in-year resources.

68. The council has developed *A Sustainable Highland – A Change Strategy*, outlining how the council plans to transform its services to address the financial and operational challenges over the next three years. While we recognise the significant work done to date and financial controls established by the council, the council faces significant risk in delivering the level of transformational change required with limited reserves to support in-year investment to undertake this work or absorb any unforeseen costs ([paragraph 71](#)). The council recognises further work is required to address budget gaps identified. A £2.5 million change fund was established in 2019/20 to support transformational change. A key challenge for the council is delivering in-year savings programmes in full.

The council has faced challenges in delivering services within budget. Financial performance is inconsistent across the council

69. Scrutiny of financial performance is delegated to the Corporate Resources Committee who receive regular updates on both capital and revenue performance for the council. The individual service committees receive service specific financial information to monitor in-year financial performance.

70. The council reported an overspend of £2.3 million for the year ended 31 March 2019. This was due to in-year overspends within the Care and Learning service and the failure to deliver the planned level of efficiency savings targeted at the start of the financial year, with the council failing to achieve £2.7 million of corporate savings in 2018/19. This has been a recurring theme over several years within the council, with Care and Learning Service costs being a particular area of challenge as well as fully delivering corporate savings. The overspends have been met through release of earmarked general fund balances as well as unearmarked reserves. Given the low level of reserves, this is not sustainable over the short to medium term.

71. Over the last nine months, the council has introduced additional financial controls. A key area has been the officer-led Resources Governance Board, through which the senior leadership team exercises oversight and control over vacancy management and resources. The remit of this group is being extended to cover the wider costs, including agency and procurement costs. In the short term the board has been operating, spend is starting to reduce through challenge and corporate overview. Financial performance reports from quarter 1 in 2019/20 indicate that financial performance has improved, particularly within the Care and Learning Service. It is important that this continues to operate effectively during 2019/20, supporting the wider transformation plans of the council as well as greater financial control.

In 2015/16, the council implemented a voluntary severance programme without having a clear workforce strategy. This used significant amounts of the council's reserves and created operational challenges

72. During 2015/16, the council implemented a significant voluntary severance scheme. The scheme was launched primarily to address financial pressures arising following the anticipated reduction in Scottish Government grant funding

in 2016/17 being significantly higher than that originally planned for by the council. The council had initially projected a 1.6 per cent reduction but following the UK Spending Review in November 2015, the council estimated the reduction to be approximately four per cent. The key driver for the scheme was to reduce the council's underlying cost base. The scheme resulted in over 340 employees leaving the council at a cost of £13.5 million, primarily funded through reserves.

73. During 2016/17, the council launched a second, smaller voluntary severance scheme for staff, with a view to streamlining the workforce. This was the Employee Early Release Scheme which saw 23 employees leave.

74. For both schemes, decisions were taken in the absence of a wider workforce plan or strategy. While the workforce planning strategy was developed in 2017, from discussions with officer focus groups, the voluntary severance scheme has resulted in some operational challenges and workforce pressures. Decision-making by the council did not consider operational need across services and the financial benefits could have been better articulated and managed. With decisions taken in the absence of a wider workforce plan, this has impacted on service delivery and created gaps in operational areas.

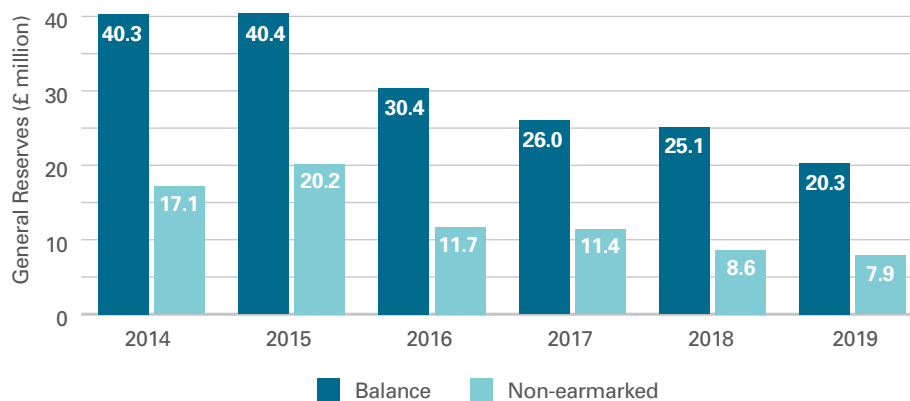
Financial pressures over the last five years have resulted in the council using its general fund reserves to the extent that these are now one of the lowest in Scotland

75. The council has faced financial challenges over the last five years. The council has used significant levels of unearmarked reserves over the last five years, primarily to meet voluntary severance costs in 2015/16 as well as to offset service overspends. Overall, the council's general reserves have decreased by £20 million (50 per cent) over the last four years ([Exhibit 6](#)).

Exhibit 6

Trend in use of general reserves, 2014–19

Highland Council's general reserves have decreased significantly over the last four years.



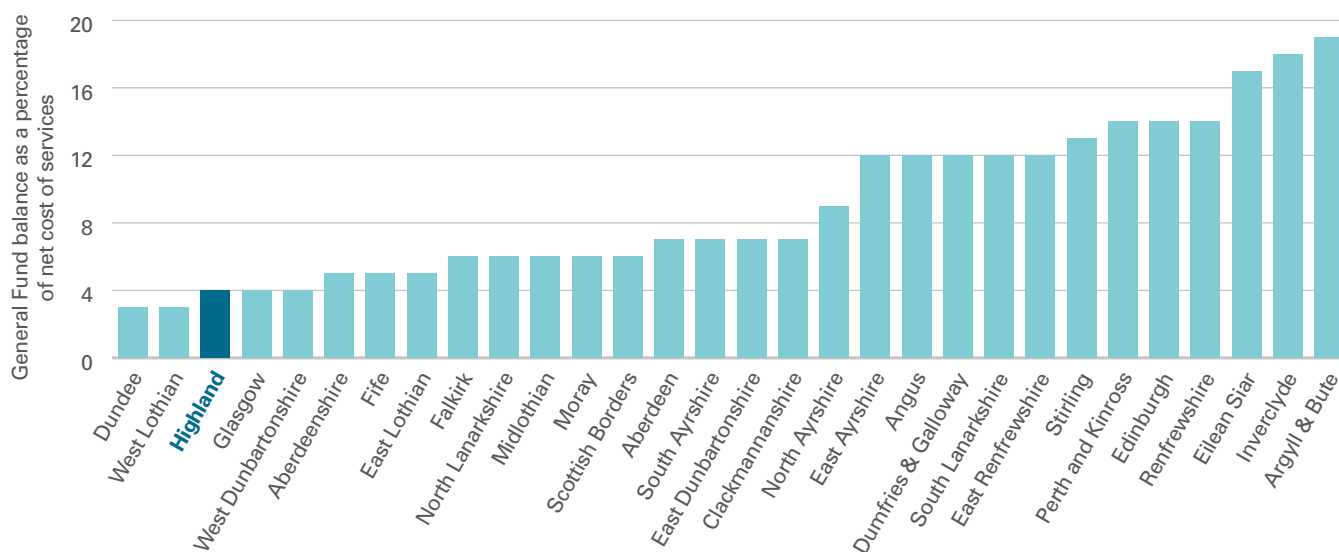
Source: Highland Council

76. As at 31 March 2019, the council's non-earmarked reserves balance represents 1.4 per cent of the annual revenue budget. This was a reduction of 0.2 per cent from the position as at 31 March 2018. The council's overall general fund balance represents four per cent of the net cost of services. This is one of the lowest across Scottish local authorities ([Exhibit 7](#)).

Exhibit 7

General fund balances across Scotland, as at March 2019

Highland Council's general fund balance is one of the lowest across Scottish local authorities.



Note: Orkney and Shetland have been excluded because their values would make it difficult to see the relative positions of other councils.

Source: Audit Scotland – Database of unaudited local government accounts

The council should continue to implement the new workforce strategy across the organisation

77. Over the last two years, the council has enhanced its workforce planning arrangements. A new workforce planning strategy was developed in 2017 and supported through service workforce plans. The workforce strategy sets out a five-year roadmap and strategic objectives to allow the council to maintain and develop the workforce and enhance services provided. The council's budget is set in the context of the workforce strategy.

78. The council's Corporate Resources Committee approved a modern apprenticeship programme on 30 August 2017. This was aimed at refreshing and rebalancing the workforce profile and helping to build a sustainable workforce for the future. The council now has over 100 modern apprentices across services and aims to have 150 by Autumn 2019 to support the development of skilled and experienced staff. The importance of developing the young workforce is further brought into focus by the council's current workforce age demographic, with only 10 per cent of the workforce under 30, and only 0.8 per cent aged 20 or under.

Regional demand for workforce replacement is exacerbated by a projected drop in the size of the working age population. It is therefore critical that the council continues to implement the new workforce strategy across the organisation.

The council's procurement service is delivered through a shared service model with neighbouring authorities

79. In November 2017, a joint procurement strategy covering the period 2017–22 was formed between Highland, Aberdeen City and Aberdeenshire Councils. This created the Commercial and Procurement Shared Service. This new combined structure was created to increase procurement capability and capacity, enabling the shared service to manage peaks in demand more effectively and devote dedicated procurement skills to larger-scale, more complex projects. The council notes several anticipated benefits from the shared service, including faster implementation than for more complex alternative delivery models; a greater voice in shaping procurement frameworks; delivery of combined savings when carrying out major procurements across the councils; improved quality and capacity to provide supplier, contract and category management; and improvements in performance, productivity and customer satisfaction. The most recent annual procurement report shows that a total of £1.39 million of savings was achieved during the period 1 April 2017 to 31 March 2018. As part of the council's financial plans, it is looking at further ways of delivering savings through procurement.

The council's capital programme has been refreshed to support sustainable capital investment aligned to the council's priorities

80. In March 2018, the council approved a revised five-year capital programme encompassing over £480 million of capital investment. The capital programme was revised to align with the council's strategic priority areas, including investment in schools and infrastructure, but also to be affordable, sustainable investment. The revised capital programme represented a significant reduction in planned capital investment. This provided a more affordable level of capital investment through reducing revenue implications including costs of borrowing to support investment.

81. Investment in the council's asset base remains very important. As at March 2018, the council estimated that 42 per cent of the school estate was considered to be in poor condition. In addition, the council has an expansive road and infrastructure network which requires continued investment and upkeep. With the revised capital plan reflecting a reduction in the level of council funding available for investment, the council has prioritised investment in key priority areas including schools, roads, housing and council infrastructure including IT capability.

Part 4

Is the council working well with its partners?



Progress has been made in implementing some of the requirements of the Community Empowerment Act. However, there has been slow progress developing and implementing the large number of locality action plans that reflect the various challenges faced across Highland communities.

The council generally works well with its partners and there are early signs of improved approaches to joint working with the third sector.

Health and social care services have been delivered by a lead agency model since 2012, well ahead of the Scottish Government requirement for integration of adult health and social care services by April 2016. This has recently delivered some improvements in outcomes.

The council has recently made improvements to the governance and reporting arrangements associated with the City Region Deal.

Progress has been made in implementing some requirements of the Community Empowerment Act

82. The council is one of five statutory partners in the **CPP** ². This partnership provides an example of how the council has collaborated with other entities to support delivery of the agreed strategic objectives. In Highland, community planning at a local level is delivered by nine local partnerships established in 2016. Each local partnership has to develop a children's plan, adult plan and a number of locality plans. The leadership of each of the nine local partnerships is shared across the five statutory partners, with the council leading in one locality, Inverness, the largest of the partnerships.

83. The Community Empowerment Act requires the CPP to develop a local outcome improvement plan aimed at tackling the impacts of deprivation and the inequalities faced by those who live in these areas. The Highland Outcome Improvement Plan (HOIP) has been developed by the council and its partners. It involved extensive consultations with communities and third sector organisations (TSOs) across Highland. Education Scotland's recent review of community



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.

learning and development in Highland Council found that the HOIP has a strong focus on community engagement.³

84. The HOIP's initial annual progress report suggests that roles and responsibilities of community planning partners have been agreed and an understanding has been developed. The report contains only Highland-wide benchmarking information with no details of impact on local areas.

85. The HOIP's vision is to 'work together to reduce inequality in Highland'. Five priority outcomes for the CPP have been agreed and will be reviewed annually. These are:

- reducing poverty
- increasing the voice of the people
- infrastructure
- community safety and resilience
- mental health and wellbeing.


86. The CPP has identified 25 areas that experience the most inequalities and deprivation across Highland. In response to limitations with SIMD analysis in rural contexts, the partnership used a combination of SIMD data, SEP data and local knowledge to establish the areas requiring support (**Part 1**). This resulted in a significantly higher number of locality plans being required than if the council had used SIMD data only. This reflects the partnership's recognition that its communities face various social, economic and geographical challenges across the Highland area.

87. The partnership works at Highland level but also at local level through the nine community partnerships, which are located across the area. These partnerships have been tasked with developing the locality plans for the 25 areas identified as needing support. Discussions with officers involved in the CPP highlighted that the local focus of these partnerships has been effective in understanding the needs of local communities, as well as adopting the most appropriate approach to engagement and feedback. Education Scotland has highlighted that one of the strengths of this arrangement is that lead roles, including the chairs of community partnerships, are shared among partner organisations. This deliberate approach to strengthening partnership working between services is increasing officers' understanding of each other's roles and expertise and their capacity to work together to address existing and emerging community issues.

There has been slow progress in developing and implementing locality action plans and delivery plans

88. The Community Empowerment Act requires CPPs to develop locality plans for the communities facing greatest inequality. The HOIP states that each community will have a delivery plan, the live document recording actions and impacts. These plans will be reviewed regularly and reported back to communities. The Scottish Government required these plans to be complete by October 2017.⁴ However, currently only 11 of the 25 plans have been developed. Like many other councils, slow progress is the result of a lack of resources –

finances, staff and time – to carry out the significant level of engagement and consultation required.

89. For the plans that are in place, the level of engagement is good and there is evidence of involving a range of communities and TSOs. Some community workers have used the **Place Standard tool**  to develop an understanding of how people feel about their communities. However, many actions in the plans are small-scale and lack any details of resources allocated or required by partners. It is difficult to assess the impact of the activity and if there has been progress in achieving the outcomes identified within the plans. In addition, not all plans are publicly available which may reduce ownership by the communities and their ability to scrutinise the plans. A recent self-assessment carried out by the CPP highlighted that partners had mixed views on:

- whether or not there are effective governance arrangements in place in relation to scrutiny and accountability
- whether or not actions are in place to deliver the HOIP
- whether or not the partnership can evidence achievements made through community engagement
- whether or not the partnership can demonstrate effectiveness in delivering real outcomes and impact for the people and communities in its area – several informants say they don't know
- whether or not evidence demonstrates what the partnership is doing to improve outcomes and reporting to stakeholders is regular and effective.

90. A new HOIP delivery structure has been designed to deliver the HOIP priorities. The CPP Board receives quarterly update reports from the themed delivery groups and the nine local community partnerships. The community partnership reports are provided as short summaries and include potential developments, partnerships and initiatives. Again, many initiatives are small-scale, and lack strategic partnerships and any details of resources allocated or required by partners.

91. The Delivery Groups for the HOIP have recently provided draft Delivery Plans for four of the five cross-cutting areas: Poverty Reduction; Community Learning, Development and Engagement; Community Safety and Resilience and Mental Health and Wellbeing. Infrastructure is still not available. These plans set out how partners are to work together at a strategic level to achieve the outcomes set within the HOIP. The existing plans are at a very early stage and require further details of responsible staff, resources required and measurable indicators of success.

Community asset transfers have increased but community experiences of the process have been mixed

92. Community asset transfer (CAT) requests are a way for community bodies to ask to purchase, lease, manage or use land and buildings belonging to local authorities. In Highland, there was a long-standing tradition of asset transfers before the introduction of the Community Empowerment Act (2015). The number of completed asset transfers increased from four in 2017/18 to eight in 2018/19.



The Place Standard tool:

Provides a framework to structure conversations about place. It allows you to think about the physical elements of a place (for example its buildings, spaces, and transport links) as well as the social aspects (for example whether people feel they have a say in decision-making).

www.placestandard.scot 

The council supports various models to encourage asset sustainability in rural communities ([Case study 1](#)).

93. There have been mixed experiences from those communities that have approached the council to explore options surrounding CATs. The Highland Third Sector Interface (HTSI) survey highlighted that the process could be lengthy while community workers spoke of onerous contracts, high valuations of properties and inconsistent levels of transparency and support for expression of Interests. Loss of capacity in legal services and expertise in community work within the council have also contributed to the challenges faced.

94. The council has recently reviewed the CAT process and has created a single point of contact for groups to direct enquires. There is now also a separate process for any review of decisions. This may increase the transparency of decisions and centralise expertise within the council.

Case study 1



Fort Augustus and Glenmoriston Community Company community asset transfer

The Fort Augustus and Glenmoriston Community Company was established by the Community Council in 2007 as the approved body to receive and distribute community benefit to the Fort Augustus & Glenmoriston area as mandated by the community. From starting the grant programme in 2009 up until 31st March 2018, the company has awarded £473,495 in grants to local groups and individuals.

In 2010, the company took over ownership and management of the village hall via a community asset transfer from Highland Council. It then built the extension and put solar panels on the roof to reduce the heating bills.

In 2013, it launched an apprenticeship scheme in conjunction with Glengarry Trust and Stratherrick and Foyers Community Trust. To date they have had 10 apprentices: three have qualified, two chefs and one butcher. They currently have three electricians at different stages, plus one mechanic, one joiner, one GP administrator, and one beautician.

Since 2014 they have also been involved in running the community caretakers for both villages, Fort Augustus and Invermoriston, as well as looking after the cemeteries. The company was supported by Highland Council. It is paid £25,000 from the council and spends £35,000 from its own funds. The company employs three staff all year and one seasonal staff member.

Source: Highland Council

Closer working with communities has been initiated through participation requests

95. Participation requests provide a new way for communities to interact with local authorities. Communities can raise proposals or issues that may or

may not be on the council's agenda and be guaranteed that the authority will enter a dialogue, unless there are reasonable grounds for refusal. Although the authority does not have to agree to the community body's proposals, it must listen, consider and report on the suggestions. There were three participation requests in 2018/19. Two were deemed not appropriate because no specific outcome was specified in the request. The report does, however, highlight that the council engaged further and worked more closely with the communities after the requests were made. It is unclear if the communities were satisfied with this result. The accepted request was from a community group aiming to increase the availability of affordable housing in the area. Further engagement was carried out with the local group, area housing manager, private developers and the Highland Small Communities Housing Trust to explore options for a community asset transfer.

Participatory budgeting is working well in some areas but is less developed in others


96. Participatory budgeting (PB) is recognised as a way for local people to have a direct say in how public funds are used to address local needs. For the last three years, the council has applied PB to the distribution of discretionary grant aid and Scottish grant funding. The council reports it has delivered strong results in engaging communities. Update reports presented to area committees and to the CPP Board show that some communities are more active than others, with some areas showing no funding distributed through PB. The council aims to increase the practice and scale of the PB approach and has identified several service areas that may be appropriate to start with. These include transport commissioning, community asset planning and community service activity.

97. The Caithness area has been active in pursuing the PB approach. It runs annual PB processes, which have been fully supported by a wide range of community organisations and elected members in the area. To date Caithness has run five PB processes, each distributing grant aid to local community organisations through a bidding process at a public event. This has generated some wider positive aspects, including high levels of interest and attendance by the community members and funding of projects that a public agency's planning process may not consider. The area has seen involvement in PB from community councils, local community development organisations, High Life Highland (HLH), youth organisations and specialist community organisations.

98. However, there are challenges in terms of ensuring PB grants reach deprived areas and that the PB process encourages wide representation and cohesion within and across communities. The council should continue to develop the PB mechanisms in place across communities and share the learning from those areas that are working well. This will assist with further empowering communities across the region and moving the council closer to using the PB mechanism for mainstream services.

Improvements are required in community learning and development (CLD)

99. Highland Council has the legal responsibility to plan and deliver CLD for the Highland area. The remit for the CLD work lies with the CPP. A Community Learning Development and Engagement delivery plan has been agreed by the partnership and sets out improvement priorities for the partnership. This is one of the delivery plans that are part of the HOIP. High Life Highland (HLH), the

council's **arm's-length external organisation (ALEO)**  provides a coordinating role and lead role, along with individual third sector partnerships across Highland, to deliver key areas of CLD such as youth work.

100. Education Scotland's inspection report stated that 'there is a positive culture around partnership working', in relation to CLD work. Interviews with some community development staff in HLH as part of this audit process highlighted some issues of working separately from the council. Although partnership working was seen to work well, there was a sense of frustration that their work was less visible to the council and that networking with officers could be more difficult because of the geographical and organisational split between the council and the ALEO.

101. Education Scotland's review of CLD partners of Highland Council and the area of Mid Ross during October and November 2018 found:

- increased value placed on CLD and partnership working
- community organisations improving local infrastructure and increasing learning opportunities
- a rich landscape of vibrant, self-starting community groups increasing sense of place and reducing isolation
- staff and volunteers delivering quality services and learning opportunities which improve lives.

It also identified several areas for improvement, including:

- strengthening the alignment of local provision with strategic and area priorities and plans to ensure a clear shared sense of direction
- improving joint evaluation and performance monitoring to better capture and report CLD impact
- strengthening the role of communities in local planning and decision-making
- developing clear learning pathways for adults.

102. The council and its partners have agreed to address these areas for improvement and developed an action plan that will be reviewed within 2019/20.

Some opportunities for improvement in services have been lost through a lack of good partnership working with the third sector. However, there are early signs of improved approaches to joint working

103. The third sector in Highland is a particularly active and valuable asset to the Highland area. The third sector census in 2015 estimated that 3,200 TSOs existed across the region. These ranged from small, locally based groups to some very large organisations. It is estimated that more than 20,200 volunteers assist these organisations across Highland. TSOs that have worked in partnership with the council have praised the level of support they received. However, many TSOs have little or no contact with the council or other CPP partners.



Arm's-length external organisation (ALEO):

A separate organisation that is established by a council to provide services on its behalf.

Councils' use of ALEOs 

104. Some TSOs have little interest in working in the formal partnership framework, which is seen to be bureaucratic, time-consuming and lacking impact on the ground. Some TSOs have mentioned the council's failure to appreciate the value of the TSO's input. This has led to challenges for TSOs becoming more involved with service design and delivery. Ongoing reductions in council grants have led to some organisations leaving the council area and many struggling to fulfil their remits. The HTSI survey noted a loss of opportunity to support and improve services in Highland.

“ There are opportunities for the third sector to offer solutions and bring more resource to ensure services survive, but these opportunities have not been listened to or taken into account. There is a need for third sector organisations to be viewed as equal and able partners and to be included in the redesign and development of services. To enable this has been an extreme challenge. ”

105. Some of Education Scotland's aspects for improvement may support an improvement in the relationships across the third sector and CPP partners:

- improve the process to enable community organisations to engage in area and locality planning as equal partners
- improve the consistency and coordination of community development support
- enable all community groups, activists and partners to be part of productive networks
- review how resources are allocated to best support progress against priorities.

106. Recent developments may support an improvement in relationships between the council and the third sector. Earlier this year, third sector organisations with service level agreements with the Children's and Families Service Group presented their range of work and services to the council to raise awareness of their impact on individuals and communities. HTSI has also proposed a systematic approach to engagement and involvement of third sector organisations when dealing with the council and CP partners.

Council service redesign has not routinely considered service users' views on how services could be improved

107. The council's redesign programme has been implemented since 2016. This involved prioritising services based on budget, performance information and whether the service was statutory or non-statutory. While service users have been consulted on some elements of the council redesign programme, customer feedback has not always been a driver in identifying areas for review. A review of progress to date was undertaken during a workshop held with the Redesign Board in March 2017. This concluded that the council needed to be more open minded, more commercially minded and more community focused in its approach to service delivery. Changes to staff engagement processes and improved governance arrangements will feature as part of ongoing work in this

area. In particular, a Programme Management Office is being established to deliver the council's change programme. This includes introducing a clear and consistent mechanism for assessing potential projects arising from member, staff and public feedback.

Highland's Youth Parliament provides a strong platform for young people from across Highland

108. An example of successful integration into the planning of local services is the Highland Youth Parliament and the social media platform, Highland Youth Voice. These provide forums across Highland for representing young people's views and sharing experiences. First established in 2001, the Highland Youth Parliament has shown itself to be an effective way of engaging with a demographic of the population that can be difficult to access. The parliament system is designed to allow good representation from across all geographical areas, and more recently it has included young people with additional needs. This forum presents an effective collaboration of ideas, concerns, solutions and possibilities and highlights good practice in terms of the Youth Convenor's role, which many other councils are now trying to replicate.

109. Established in 2006, the Youth Convenor is a full-time, paid post for a young person to represent the interests of their peers and liaise with council services. The Youth Convenor is connected to the Highland Youth Parliament and serves for one year. The work of the Youth Parliament has resulted in several real changes including police responding to safety concerns, mental health support being deployed in schools, inconsistencies in education provision being highlighted (staff shortages and curriculum issues). This year the council's Youth Work Strategy was developed by the Youth Convenor, and the Youth Parliament was consulted on its final draft before it went to council.

The council adopts a range of methods to engage and consult with communities

110. The council uses a range of methods to contact communities to hear their views and experiences including: citizens' panels, public meetings and focus groups as well as social media, such as Facebook chats. During 2018/19 there has been more emphasis on broader discussions and two-way dialogue rather than consultation.

111. Staff have highlighted the capacity challenges in carrying out engagement activity to a high quality due to staff shortages across services, lack of expertise, the large geographical distances to be travelled and the tendency for many events being held outside of normal working hours. [Case study 2 \(page 39\)](#) describes the extensive and varied consultation and engagement involved in developing the new Community Learning, Development and Engagement (CLDE) plan for 2018-21.

Case study 2

2018-21 CLDE Plan



The plan was drawn together following discussion and engagement with learners, communities and partner organisations. A working group which included public and third sector providers was formed to draw on the knowledge and expertise of the sector. This group was tasked with analysing the engagement findings, carrying out focus group activity and co-producing the CLD recommendations for the plan.

An online survey provided CLD providers and partners with an opportunity to inform the plan. Partners, by contributing, helped:

- ensure Highland communities, particularly those which are disadvantaged, have access to the CLD support they need
- strengthen coordination between a range of CLD providers
- reinforce the role of communities and learners in shaping and evaluating CLD provision
- articulate the important role and contribution of CLD
- make CLD more visible.

CLD conversation workshops took place in community partnership areas, providing an opportunity for providers, partners and participants to come together to discuss the CLD needs in their areas. Focus groups were held with young people through the Highland Youth Parliament, Adult Literacies Support Workers, Adult Learning tutors and Youth Development officers.

Intelligence gathered from further engagement work has also been used to develop the plan, including:

- the findings from the CPP's Place Standard approach which have supported the locality plans
- the Highland CPP's series of surveys and roadshows which highlighted the need for more cohesive and effective engagement
- outcomes identified in the For Highland's Children and the Adult Strategic Commissioning Plan.

In addition to the direct engagement to develop the plan, findings from initiatives across Highland exploring rural poverty and effective engagement strategies have been fed into the plan.

Source: Highland Council

There is an extensive community council network across Highland, but members feel they could be more effective

112. There are 154 community councils (CCs) across Highland. Some are very active across several remits whereas others traditionally focus on planning issues in the community. Independent research bodies carried out a survey in early 2018 which highlighted CC members' frustrations regarding the level of influence they have in the engagement process.⁵ Members wanted to be consulted earlier in the planning process and they felt ignored by the council. There was widespread agreement that a wider remit in terms of the CCs' role, together with more resources being provided to support the work, would raise the profile of the CCs. This might also attract new members, which could also encourage a more representative and effective community forum.

Health and social care services in Highland are delivered through a lead agency model. The integration scheme is due for renewal by 31 March 2020 and is currently being negotiated by the council and the NHS

113. In March 2012, Highland Council and NHS Highland signed a formal partnership agreement to establish the only lead agency model in Scotland. This was in advance of the Scottish Government's requirement for local authorities and NHS boards to integrate adult health and social care services by April 2016. Under the lead agency model all adult social care services were transferred from the council to NHS Highland in April 2012 and, in a reciprocal arrangement, Highland Council took on responsibility for the delivery of community children's services. This involved 1,400 adult care staff transferring from Highland Council to NHS Highland. Alongside this, 200 NHS Highland staff transferred across to Highland Council. The Chief Social Work Officer post remains with Highland Council. As part of the agreement, new single budgets had to be prepared. An integration scheme was developed in 2014 in line with legislation, with a Joint Monitoring Committee established with a remit to oversee the delivery of health and social care.

114. Under the agreed lead agency model the council pays NHS Highland a fixed sum, allocated as part of the council's annual budget setting process. There is no obligation built into the current integration scheme on the council to increase the funding in-year, where in-year costs of providing the services may exceed the budget set through demand led pressures. As the budget is devolved to NHS Highland, and with an absence of joined up governance structures, the council distanced itself from service delivery in adult social care. This, alongside the fixed annual funding, has created tensions in the relationship between officers, elected members and NHS Highland.

115. In line with the requirements of the original lead agency partnership agreement, a renegotiation of the agreement with NHS Highland is ongoing. Further clarity on the future direction, governance and funding of the lead agency model for health and social care delivery in Highland is anticipated through the agreement of the new integration scheme. The review of the agreement to date has focused on the future NHS Highland and council funding of the lead agency, alongside wider discussions on joint strategic planning and a renewed commitment to shifting the balance of care.

Limited progress has been made in shifting the balance of care. But some outcomes have improved recently

116. Although the lead agency model has been in place since 2012, there has been limited evidence to demonstrate how this has shifted the balance of care. In response to findings in the 'Review of Progress under Integration Authorities' carried out by the Ministerial Strategic Group for Health and Community Care, the council has very recently created a temporary post to manage the partnership agreement with NHS Highland.⁶ It is too early to determine if improvements have been made. This will become clearer when the revised partnership agreement is in place and has had a chance to bed in across the partnership.

117. The health and social care partnership reports annually against the nine national outcomes, alongside an additional three outcomes specifically for children. The most recently available report covers 2017/18 and shows a mixed picture of performance against indicators in Children's Services. Strong performance is noted against school evaluations for curriculum and meeting learners' needs in inspections carried out by Education Scotland, whereas significant poor performance is noted in the delay in the time taken between a child being accommodated and permanency.

118. Recent improvements have been noted against out-of-area placements for looked-after children. A Placement Services Change Programme was designed to redirect resources to develop services locally in Highland for looked-after children and to address their education outcomes. The council reports considerable work has been carried out focused on returning young people to Highland. Thirty-four have returned or avoided out-of-area placements since the programme began in June 2018. Total costs avoided are estimated at over £5 million, compared with the young people remaining in out-of-area placements for a year. The programme is demonstrating progress against the original plan with forecast year-end spend on placements £1.8 million less than at the same time in the last financial year.

119. The council reports that the programme has significantly exceeded the number of young people returning estimated in the original business case. While there continues to be a requirement for new purchased placements due to specific needs of young people, only two young people have gone into this type of placement since April 2019.

The council has recently made improvements to the governance and reporting arrangements associated with the City Region Deal

120. The Inverness and Highland City Region Deal (CRD) was signed on 30 January 2017 and is being led by Highland Council. The council estimates that this will bring £315 million of investment to the region. The deal is made up of £135 million from the Scottish Government, £53 million from the UK Government and £127 million from local partners over a ten-year period. The aim of the deal is to position the area as the best digitally connected rural region in Europe. The core overarching aims are to:

- help to rebalance the population by attracting and/or retaining an additional 1,500 young people in the 18-29 age group
- create 1,125 jobs directly, and a further 2,200 jobs in construction, indirectly

- help to upskill the labour market to move to a high-wage, high-skill economy, adding an extra £100 million a year to the regional economy
- deliver 6,000 homes over a 20-year period, of which 1,600 will be affordable
- deliver £800 million of private sector investment in the region over a 20-year period.

121. The CRD comprises six partners that coordinate and drive the component projects. These organisations are Highland Council, Highlands and Islands Enterprise, the University of the Highlands and Islands, Transport Scotland, Albyn Housing Society Limited and the Highlands and Islands Transport Partnership (HITRANS). Input is also received from contributing partners such as the Highland Economic Forum and the Highland CPP, which support the CRD by providing expertise and access to networks, playing the role of critical friend and promoting the benefits of the CRD and the region.

122. The council's internal audit team identified that improvements to the governance arrangements supporting the CRD are required, including more consistent reporting on progress and a structured approach to scrutiny. Recently, the council has introduced a proposal to prepare and present an annual report to full council, covering progress, financial reporting, and issues and added value provided by the CRD. Recently, improvements have been made to overall reporting arrangements on CRD progress. A detailed update report was presented to the Environment, Development and Infrastructure committee in May 2019.

123. The CRD Programme Board is attended by the lead officers for each project, a representative from Highland Council's Finance Service, a representative from the business community and representatives from the Scottish and UK governments. The deal is made up of 11 funded projects and two non-funded projects (employability and air connectivity). Progress on some projects has not been in line with expectations. The council could improve the alignment between the objectives of the City Region Deal and key priorities in the Council Programme and Corporate Plan. At present, there is limited reference to the CRD in the council's key strategic documents.

124. A key theme running through CRD projects is digital connectivity. Given the region's geography, digital connectivity and capability are essential to enhance growth capacity; therefore, projects have been designed to deliver improvements in this area. A specific 'digital' project is included, with £20 million of capital funding available through the CRD for improving broadband connectivity across the Highland Council area to support the ambition to be the 'best digitally connected rural region in Europe'. The Highland Local Full Fibre Network project is under way. The CRD also included an aim to provide free public Wi-Fi in town centres across the region. This project is now complete, with 15 towns now having access. The Inverness 'Ness' Wi-Fi was the first to be implemented across the region and won a Bronze Award at the COSLA Excellence Awards in 2018.

The council's partnership with HLH, its largest ALEO, has delivered improvements in the quality and uptake of services and enabled significant savings

125. HLH is the council's ALEO that develops and promotes opportunities in culture, learning, sport, leisure, health and wellbeing across nine services throughout the whole of the Highlands. It was established in October 2011 and delivers public service obligations through a service delivery contract. The services it delivers are adult learning, archives, arts, leisure facilities, libraries, museums, music tuition, outdoor activities, and sport and youth work. There have been improvements in the quality and uptake of some services delivered by HLH, particularly in music tuition ([Case study 3, page 44](#)).

126. The main purpose of the ALEO is to deliver services for the council and protect them. However, it also saves the council around £3.5 million each year through non-domestic rates relief and value-added tax status. Furthermore, HLH meets the cost of any inflationary increases in staff salaries, pensions and the living wage. The *Councils' use of arm's-length organisations* national report, published in May 2018, highlights areas of good practice identified at High Life Highland.⁷ This includes the ALEO's participation as a member of the Highland CPP since 2015, helping to find new opportunities, for example through partnership working with the NHS, as well as taking on a positive role in supporting community-run organisations that were facing financial difficulties.

127. Three performance indicators have been established by HLH to monitor overall performance. These are:

- HLH customer engagements
- HLH reliance on council funding
- percentage of population with an HLH card.

128. Since 2011, the number of customer engagements has increased from 2.3 million to 8.2 million. HLH is also less reliant on council funding. Over the same period, this has reduced from 79 per cent to 51 per cent. The percentage of the population with an HLH card is a new indicator and will be introduced from 2019/20 onwards.

129. HLH also plays an active role in the Highland CPP. It is represented by a senior officer at each of the nine community partnerships and has contributed to innovative projects such as social prescribing in Sutherland.

130. HLH has established a new Leisure Link Partnership. This is a reciprocal partnership with four other areas of Scotland and will see HLH members being able to access free use of leisure facilities outside the Highland region. This innovative relationship has been established with partners in Moray, Orkney, the Western Isles, and Argyll and Bute, and is designed to increase the accessibility of leisure facilities and improve outcomes for local citizens.

Case study 3



Improvements in service delivery through use of an ALEO

The council's school music tuition service transferred to High Life Highland on 1 April 2018. This followed consideration and review by the council's Redesign Board in late 2017 which highlighted that the service had experienced a 16 per cent decline in the number of pupils engaged in it over a two-year period, from 3,450 in 2015/16 to 2,900 in 2017/18.

The council concluded that the best way of protecting and possibly growing and developing the service was to transfer it to HLH. Within one year of the transfer, pupil numbers had increased by 21 per cent. This brought pupil numbers to their highest ever level at over 3,500. This was achieved by HLH:

- adding five new posts to the staff team; three funded through customer income, one through external funding and one through the Pupil Equity Fund
- realigning provision and small increases to existing part-time staff contracts where demand was identified
- enabling existing music instructors to take on additional pupils
- developing an online management and bookings system which made it easier for parents to access the service and provided staff and managers with more comprehensive statistical information on which to base future service developments
- advertising the service in schools, online, through social media and on local radio
- freezing charges at the level set by the council in the year before the service transferred.

The change of approach following the transfer to HLH was to balance the budget by growing the service rather than increasing prices. This showed evidence of an understanding of price sensitivity and recognising the importance of HLH's charitable, independent and contractual role in determining its own pricing strategies.

Source: Highland Council

Part 5

Is the council demonstrating continuous improvement?



The council's pace of change since the previous Best Value report has been slow in some areas and it needs to build on recent work to establish a consistent culture of improvement.

The council's approach to continuous improvement has been inward-looking and requires fresh impetus. Recently, the council has shown clear recognition that change is required.

The approach to self-evaluation has been inconsistent. A more systematic, council-wide approach is required.

A more structured approach to elected member training is required.

The council's pace of change since the previous Best Value report in 2010 has been slow in some areas, particularly within financial sustainability and the use of performance management to trigger improvement activity

131. In 2010, the council was subject to a Best Value 2: Pathfinder audit. The Controller of Audit and the Accounts Commission concluded that the council was improving and was well placed to deliver its statutory duties on Best Value and Community Planning. They highlighted that there was a clear vision and strategic direction, which was shared with partners, and that the council generally delivered good-quality services and managed resources effectively.

132. The report identified opportunities for improvement in corporate asset management, workforce planning and demonstrating competitiveness in how it delivers services in the current financial climate. However, it found that the council demonstrated a strengthening culture of continuous improvement and a good awareness of where further improvement is required.

133. While the council has delivered some significant changes over this period, such as the lead agency model ([Part 4](#)), progress in some areas since 2010 has been slow. For example, performance against priority areas such as education has shown little improvement. [Exhibit 8 \(page 46\)](#) shows what we reported in 2010 and what we have found in this audit work. The council needs to make further progress against the recommendations in this report.

Exhibit 8

A comparison of 2010 Accounts Commission findings and 2020 audit judgements

The council has made slow progress in some areas since 2010.

Accounts Commission finding 	Controller of Audit judgement 	View
<p>Vision and strategic direction</p> <p>There is a clear vision for the Highlands which is shared by partners and clearly defined in strategic plans. Changes to political and management arrangements have strengthened corporate working and reduced inconsistency between council areas.</p>	<p>The council's vision and priorities are clearly defined. Priorities have remained relatively stable over time.</p> <p>This consistency has provided continuity and focus for partners and staff in delivering on key priorities and objectives. However, consistent improvements in performance in priority areas have not been achieved.</p>	<p>Part 1</p>
<p>Performance</p> <p>Satisfaction with the council and its services is consistently high and improving. The council provides generally good-quality services that are responsive to local communities and is improving performance in important areas such as education and child protection.</p>	<p>The council's performance has been mixed. Performance against LGBF indicators has deteriorated over a five-year period. For 2017/18, 70 per cent of indicators sit in the bottom two quartiles. However, performance against LGBF service satisfaction indicators is good.</p>	<p>Part 2</p>
<p>Use of resources</p> <p>The council has sound arrangements to manage its resources, although improvement is needed in corporate asset management, workforce planning, and demonstrating competitiveness in how it delivers services in the current financial climate.</p>	<p>The council's financial management arrangements require improvement. It has faced challenges in recent years in delivering services within budgets. Service overspends have been met through the council's reserves and have resulted in a significant reduction in general fund reserves available to meet future unforeseen costs or make investments in the year.</p> <p>Over the last two years, the council has enhanced its workforce-planning arrangements. A new workforce strategy has been developed and supported through service workforce plans. However, these were not in place to support key decision-making around two voluntary severance programmes in 2015/16 and 2016/17. Consequently, the programmes lacked a clear cost/benefit analysis to support resource decisions made.</p>	<p>Part 3</p>
		<p>Cont.</p>

Exhibit 8 continued

Accounts Commission finding	2010	Controller of Audit judgement	2020	View
<p>Partnership working</p> <p>The council has developed effective partnership working and has made consistent progress in delivering complex cross-cutting strategic local outcomes with partners and has good service performance overall.</p>	<p>The council generally works well with its partners and there are early signs of improved approaches to joint working with the third sector.</p> <p>Progress has been made in implementing some of the requirements of the Community Empowerment Act. However, there has been slow progress developing and implementing the large number of locality action plans.</p>		<p>Part 4</p>	
<p>Continuous improvement</p> <p>The council's pace of change and direction of travel are positive, and the council is demonstrating that it is improving well. A strengthening culture of continuous improvement and a good awareness of where further improvement is required is in place.</p>	<p>The council's approach to continuous improvement has been inward-looking and requires fresh impetus. Recently, the council has shown clear recognition that change is required and it has made a number of significant changes over the last year.</p>		<p>Part 5</p>	

Source: Audit Scotland

A more systematic approach to self-evaluation is required

134. There has been inconsistency in the way the council has used self-evaluation since the previous Best Value report. The Public Service Improvement Framework was used as an evidence based self-assessment tool to help gauge performance and identify examples of best practice, benchmarking opportunities and areas for improvement. However, it is not clear whether this was used consistently across services. Furthermore, performance has been poor in some priority areas for a number of years which indicates that efficiencies were not being realised through this approach.

135. The council recognised that a more effective approach was required and introduced the redesign of Highland Council in March 2016. This was designed to challenge how services were delivered and to drive change across the organisation at a time of financial pressure. As part of this, a Redesign Board was established, consisting of 16 elected members and two trade union representatives. The board was established to lead and oversee the programme of redesign and transformation. During the summer of 2016, Redesign Board members considered all statutory and discretionary functions carried out by the council. Alternative options for service delivery were considered. The council carried out peer and 'lean' reviews of services before deciding on the most appropriate options to take forward. Redesign work has continued through the second half of 2018 and 2019, and several new reviews have been undertaken and concluded.

136. While the redesign and 'lean' review process has led to improvements in some services, there is still scope for the council to implement a more systematic, organisation-wide self-evaluation programme. The recently developed peer review framework provides a good starting point for this. It is important for the council to establish a culture of improvement. It should introduce arrangements to ensure the results of self-evaluation exercises are understood and used consistently to trigger improvement activity.

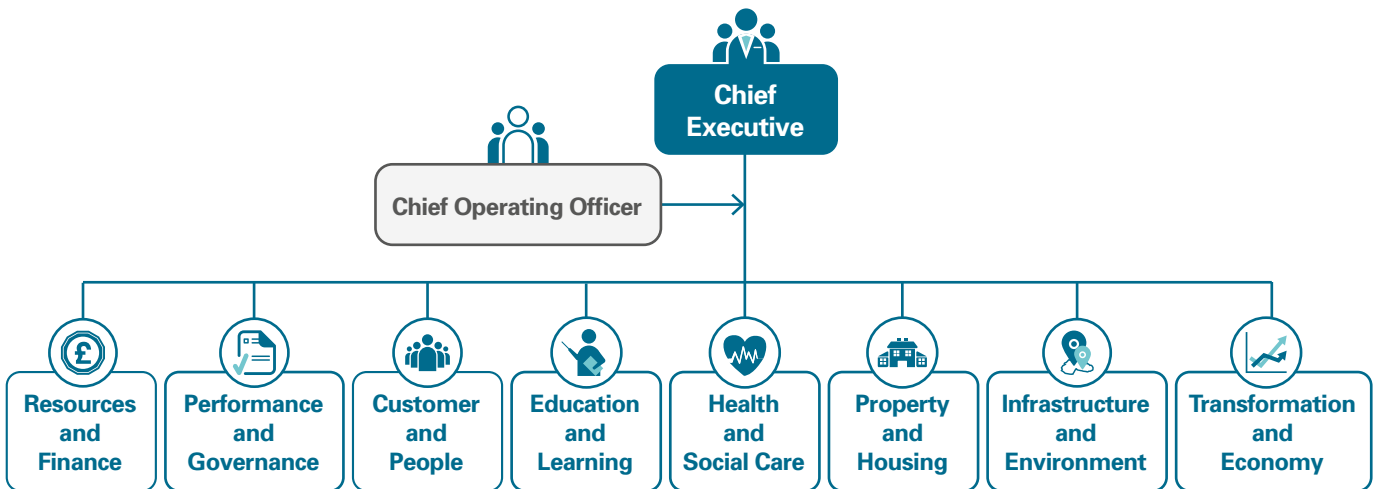
The council has redesigned its senior leadership structure. It is too early to determine the effectiveness of these arrangements

137. During 2018/19, the council undertook a review of senior level organisational design. The focus of the review was linked to the council's strategic theme of 'a connected Highland' by ensuring that not only was the senior level of the organisation delivering clear leadership and oversight but enabling services to align to local priorities and enable continuous improvement. The redesign of the senior-level of the organisation creates a Chief Operating Officer role and eight Executive Chief Officer posts, supported by Heads of Services ([Exhibit 9](#)). The majority of new posts will be filled by 31 October 2019.

Exhibit 9

The council has redesigned its senior leadership structure

A Chief Operating Officer role has been created along with eight Executive Chief Officer posts.



Source: Highland Council

138. The new arrangements will take time to embed within the organisation. The restructure has introduced a number of new roles and a significant change across the senior level of the organisation. Below the senior level of the organisation, it is likely that change will be required across services as they feed into the new structure. While we recognise the rationale for the restructure, it is important that the council takes time to monitor the effectiveness of the new arrangements as they embed in supporting the organisation to deliver its strategic objectives.

139. The council has used its change fund to support further transformation by taking a new approach in education, health and social care. It has appointed interim Heads of Service, leading on improving performance outcomes. An interim Chief Officer Resources post has also been created to focus on improved outcomes in budget and resource management in the Care and Learning service. Budget projections for 2019/20 within this area have improved.

The council's approach to continuous improvement has been inward looking and requires fresh impetus. However, action has been taken recently to address this

140. The council recognises that previously, arrangements for continuous improvement were inward looking. This restricted opportunities for development and learning from others and may have contributed to the lack of consistent performance improvements in some key services. Steps have been taken to address this in recent years. The council is now more open to engaging with other local authorities to learn from good practice in place elsewhere and has demonstrated a desire to use this information to shape future decision-making. As part of the redesign process, a review of how councils elsewhere coped with budget reductions was produced to identify lessons for the council. This helped identify the ten options for service delivery used for all peer reviews. Peer review teams were deliberately set up to bring fresh eyes and new challenge to service delivery and to counter 'silo' approaches.

141. The council also recognises that greater use of benchmarking, targets and family grouping data will enhance its approach to continuous improvement. This has been included as a feature of the developments to the performance management framework which are currently ongoing.

Some progress has been made in making the transformational changes required

142. Over the last five years the council's performance against national LGBF indicators ([Part 2](#)) indicates that performance relative to other local authorities has deteriorated. Over the same period the council's financial position has deteriorated to the extent that it has a limited level of reserves available to support unforeseen costs or to support strategic transformation and improvement activity.

143. 'A Sustainable Highland', the council's change programme, is aimed at delivering the transformational change required. The programme has been informed through staff and public engagement and focuses on:

- Making the council more efficient
- Commercialism and income generation
- Redesign and improvement
- Flexible and well managed workforce.

144. The change programme aims to deliver £37.5 million of savings over the three-year period to 2021/22 and the council established a change fund of £2.5 million to support this. The programme covers 16 major transformational projects. A report to council in June 2019 summarises the progress that is being made to achieve the

2019/20 savings target of £24.58 million, as well as an analysis of the opportunities, challenges and risks presented by each of the 16 transformational projects. The council reports that good progress is being made, with £16.85 million (68 per cent) of the 2019/20 savings target already achieved and project plans in place for the remainder. The report also identifies where there are risks to savings delivery that require mitigation, including closer scrutiny and oversight. This demonstrates that a total of £4.13 million falls within this category, or 17 per cent of the overall total. Some of these savings have now been established as formal projects within the change programme and, while there are challenges to the delivery of the savings, there are plans in place for all of the outstanding areas. These plans will be monitored by the Change Programme Board.

Consultation with staff has been inconsistent and levels of engagement have varied. A staff survey has not been carried out for a number of years. However, improvements have been made recently

145. The council has not carried out a staff survey since 2015. Although some initiatives were in place to keep staff informed and provide opportunities for them to share their views, the lack of direct engagement with staff made it difficult for them to provide feedback to the council's leadership team. The council has recognised that staff consultation is an important issue and has made improvements in this area recently. In the past year there has been extensive staff engagement which involved the Chief Executive, elected members and leadership team. This covered the full Highland region and involved face-to-face engagement sessions at various council sites.


146. Feedback from staff forum meetings has resulted in a new staff web page being created to improve access to information. A new Communications and Engagement Strategy has also been developed. The council's new management structure has been designed with a view to improving the visibility of the leadership team for staff. Each of the eight Executive Chief Officers will have responsibility for a defined geographical area and this will provide staff located in each area with a direct contact to the leadership team.

Levels of scrutiny and challenge could be improved

147. The council's committee structure consists of four strategic committees, five regulatory committees and eight area committees. This is appropriate for a council the size of Highland and provides strategic and local oversight for elected members and the public. The strategic committees are the Audit and Scrutiny Committee; the Corporate Resources Committee; the Care, Learning and Housing Committee; and the Environment, Development and Infrastructure Committee.

148. The level of scrutiny across strategic committees varies. The council has recognised this as an area for improvement and has taken steps to address scrutiny levels as part of the ongoing governance review. The review included a seminar, at which elected members raised concerns about the very large remits of the strategic committees, particularly the Care, Learning and Housing Committee and the Environment, Development and Infrastructure Committee. Elected members also discussed the size of agendas and the short time available to read and digest large numbers of detailed lengthy reports. The council could improve scrutiny by streamlining agendas where possible and ensuring that reports 'for action' are given priority at meetings, as opposed to those that are presented 'for noting' only. It is too early to draw conclusions on the effectiveness of the new arrangements.

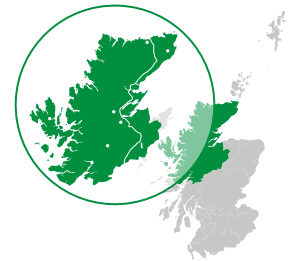
A more structured approach to member training is required

149. It has been over two years since the 2017 local government elections, which saw 31 councillors newly elected. Elected members should review their personal training and development needs, to ensure they have the skills required to effectively fulfil their roles. They should further consider the 2016 report [*How councils work: roles and working relationships in councils – are you still getting it right?*](#) , which stresses the importance of training and development to support councillors with the skills and tools required to carry out their complex and evolving roles.⁸

150. An extensive induction training programme is in place for newly elected members. However, there is limited evidence of continuous development and further training. A more structured approach to member training is required, including the establishment of mandatory training courses and development of a training register to monitor uptake. Training offered to elected members has previously not been tailored to individual needs. However, the council has recognised this as an issue that needs to be addressed and has included it as a key part of the ongoing governance review.

151. The council has proposed to introduce a continuing professional development approach for elected members. This involves elected members carrying out an initial self-assessment to identify training needs at an individual level. The council will then be able to carry out a comparison with available training courses and establish any gaps where training is not yet in place. This is designed to facilitate a more targeted approach to ensuring elected members have the skills required to fulfil their roles effectively. An important part of this development is ensuring that appropriate feedback arrangements are in place, in relation to both identifying the training that elected members need and the overall effectiveness of the courses offered. The early signs are that engagement with elected members on training opportunities has improved.

Recommendations



The council needs to seek to ensure that all staff are fully engaged in the transformation programme and that budget holders are clear on expectations to deliver the planned savings set out in ongoing transformation work. The council should continue to develop and implement a longer-term delivery model which is affordable and achievable ([paragraph 144](#)).

The council should increase the use of family grouping data, benchmarking and targets to enhance performance reporting ([paragraphs 36–43](#)).

The council's approach to performance management can be further improved through sharing of practices between services and council teams in order to fully embrace and support effective self-assessment and a culture of continuous improvement ([paragraph 19](#)) ([paragraph 44](#)).

Once the council has implemented the revised governance arrangements, it should seek to monitor the effectiveness of these changes to ensure they deliver the improvements anticipated, including the intended enhanced scrutiny and decision-making ([paragraph 24](#)) ([paragraphs 29–32](#)).



Once the new leadership team is in place, it will be key that they look to successfully manage the need for increased pace of change alongside continued engagement across officers to achieve the strategic objectives and this should be reviewed and evaluated on an ongoing basis ([paragraphs 22–24](#)) ([paragraph 138](#)).

The CPP should increase the pace in developing the remaining locality action plans in line with the requirements of the Community Empowerment Act ([paragraph 88](#)).

The council should continue to work with elected members to understand reasons for variable uptake of training and agree how this can be improved alongside a programme of ongoing elected member development. In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to enhance scrutiny and help drive improvement ([paragraph 63](#)) ([paragraphs 150–151](#)).

Endnotes



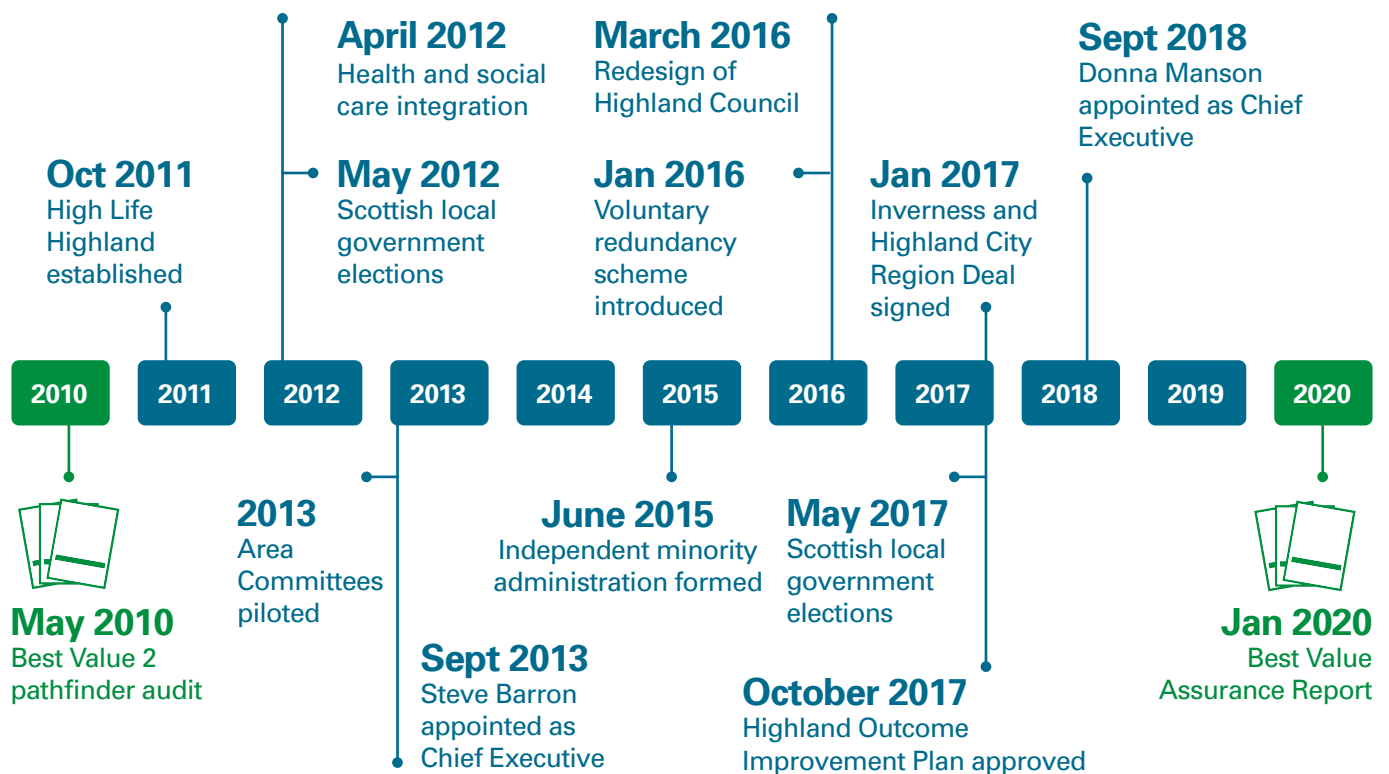
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- 1 Scottish Housing Regulator Landlord Report – How your landlord told us it performed in 2018/2019 - Highland Council.
 - 2 Statutory partners in the Highland CPP are Highland Council, NHS Highland, Police Scotland, Scottish Fire and Rescue and Highlands and Islands Enterprise.
 - 3 *Community learning and development in The Highland Council*, Education Scotland, 14 January 2019.
 - 4 Scottish Government: Community Empowerment (Scotland) Act 2015, part 2 Community Planning: guidance.
 - 5 *Strengthening Community Councils: Exploring how they can contribute to democratic renewal in Scotland*, Andrew Paterson & Paul Nelis, SCDC / Oliver Escobar, What Works Scotland, April 2019.
 - 6 Ministerial Strategic Group for Health and Community Care - Review of Progress with Integration of Health and Social Care, Scottish Government, February 2019.
 - 7 [Councils' use of arm's-length organisations](#) , Audit Scotland, May 2018.
 - 8 [How councils work: roles and working relationships in councils – are you still getting it right?](#) , Audit Scotland, November 2016.

Appendix

Best Value audit timeline



Council timeline



May 2010 – Best Value 2 pathfinder audit

The Commission found the council benefited from strong political and managerial leadership and worked well with its partners at a strategic level.

October 2011 – High Life Highland established

The council established HLH as an ALEO for developing and promoting opportunities in culture, learning, sport, leisure and health and wellbeing.

April 2012 – Health and social care integration

The council established a lead agency model for the delivery of health and social care services with NHS Highland. This model is unique to Highland and was established three years ahead of the Scottish Government's schedule for full integration.

May 2012 – Scottish local government elections

A new coalition was formed to run the council. This involved the SNP group, Liberal Democrat group and Scottish Labour group.

September 2013 – Previous Chief Executive appointed

Steve Barron was appointed as Chief Executive.

2013 – Area committees piloted

The council piloted area committees during this period, in response to recognising the need for more local decision-making. Area committees are now an integral part of the council's committee framework and provide an effective means of highlighting issues, sharing information and cross-partner action.

June 2015 – Independent minority administration formed

A new minority administration was formed. Councillor Margaret Davidson was appointed as the new Council Leader.

January 2016 – Voluntary redundancy scheme introduced

The council's first ever voluntary redundancy scheme for staff was introduced. Although designed to generate efficiencies, this process lacked strategic focus.

March 2016 – Redesign of Highland Council

The redesign of Highland Council was introduced to challenge how services were delivered and drive change across the organisation at a time of financial pressure. The council carried out peer and 'lean' reviews of services before deciding on the most appropriate options to take forward.

January 2017 – Inverness and Highland City Region Deal signed

The CRD was signed on 31 January 2017 and is being led by the council. The council estimates that the deal will bring £315 million of investment to the region.

May 2017 – Scottish local government elections

A new political administration was formed to run the council – a coalition of the Independent group, Liberal Democrat group and Scottish Labour group.

October 2017 – Highland Outcome Improvement Plan approved

The HOIP was approved in line with the statutory requirements of the Community Empowerment Act. This sets out the CPP's vision to 'work together to reduce inequality in Highland'.

September 2018 – Current Chief Executive appointed

Donna Manson was appointed as Chief Executive and instigated a new vision for the council to be 'Ambitious for a Sustainable, Connected Highland'.

January 2020 – Best Value Assurance Report

Best Value Assurance Report Highland 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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BEST VALUE ASSURANCE REPORT - IMPROVEMENT PLAN

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer
1.	The council needs to seek to ensure that all staff are fully engaged in the transformation programme and that budget holders are clear on expectations to deliver the planned savings set out in ongoing transformation work. The council should continue to develop and implement a longer-term delivery model which is affordable and achievable.			
1.1	The Council will approve a medium-term financial plan for 2020/21 – 2022/23, to ensure effective evidence based decision making.	SP	June 2020	Head of Corporate Finance & Commercialism
1.2	Deliver the Council's Change and Improvement Strategy 2020-2023. (subject to Council approval on 5 March 2020).	SP	February 2023	All ECOs
1.3	Review the financial arrangements at committee and sub-committee levels including remits, responsibilities and improving procedures for Members and staff.	SP	March 2020	ECO Resources & Finance
1.4	Review the Council's HR and payroll database Resource Link and prepare an options appraisal to ensure full integration between HR and Payroll.	SP	May 2020	ECO Resources & Finance
1.5	Review the approach to financial and performance monitoring reports to Strategic and Area Committees and develop an integrated approach to effective performance monitoring and continuous improvement activity.	SP	September 2020	ECO Resources & Finance/Corporate Audit & Performance Manager
1.6	Review finance training modules and establish mandatory training in financial management to ensure competency and governance over expenditure are achieved for all budget holders and Members.	SP	December 2020	ECO Resources & Finance

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer
1.7	Implementation of the Communications and Engagement Strategy ensuring that all staff are fully engaged in the transformation programme 2019-22.	SP	March 2022	Communications and Resilience Manager/All ECOs
2.	The council should increase the use of family grouping data, benchmarking and targets to enhance performance reporting.			
2.1	Annual performance report for the Corporate Plan to include analysis against targets, benchmarks, family group and national averages following approval of the Council's new Corporate Plan in October 2019.	SP	September 2020	Corporate Audit & Performance Manager
2.2	Implement a new Service Planning process based on data analysis to inform improvement activity and enable Strategic Committees to monitor progress in delivering Best Value.	SP	June 2020	Corporate Audit & Performance Manager
2.3	All ECOs will review their performance data to ensure it is fit for purpose and where necessary identify additional indicators and business intelligence to enable robust regular monitoring of service performance.	SP	Service Plans June 2020 & annually with quarterly monitoring	All ECOs
2.4	Performance review meetings with Primary and Secondary Head Teachers including review of key performance indicators as outlined in the Council's Corporate Plan and school improvement plans 3 times a year.	CP/SP	From February 2020 and ongoing	Head of Education
2.5	Focus improvement activity on young people from deprived backgrounds to close the attainment gap across Highland schools including numeracy, literacy and positive and sustained destinations.	CP/SP	Ongoing to February 2021 and review	Head of Education

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer
3.	The council's approach to performance management can be further improved through sharing of practices between services and council teams in order to fully embrace and support effective self-assessment and a culture of continuous improvement.			
3.1	Review the Council's approach to self-assessment and implement a new corporate approach to support the Council's continuous improvement and efficiencies agendas.	SP	September 2020	Corporate Audit & Performance Manager
3.2	All ECOs and senior managers will develop a programme of external learning visits to support understanding of best practice and continuous improvement in their service.	SP	March 2021	All ECOs
3.3	ECOs will work collaboratively to share best practice across the organisation, within the Area remit and with partners to develop a culture continuous improvement.	SP	March 2021	All ECOs
4.	Once the council has implemented the revised governance arrangements, it should seek to monitor the effectiveness of these changes to ensure they deliver the improvements anticipated, including the intended enhanced scrutiny and decision-making.			
4.1	Working with Members review the Council's new governance arrangements through Council and through the established Members Governance Working Group	SP	Interim Review March 2020 & June 2020; Members Seminar September 2020; Report to HC October 2020	ECO Performance & Governance

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer
4.2	Review the operation and output of the Council's sub-committees and working groups to ensure their continued effectiveness	SP	December 2020 & annually	ECO Performance & Governance
5.	Once the new leadership team is in place, it will be key that they look to successfully manage the need for increased pace of change alongside continued engagement across officers to achieve the strategic objectives and this should be reviewed and evaluated on an ongoing basis.			
5.1	Deliver an Improvement Programme to support the organisation restructure and achieve Phase 1 – New organisational structures designed, budgets and saving targets re-aligned and corporate systems revised to support. Phase 2 a) – New structures implemented and new committee reporting embedded Phase 2b) – Review structure implementation, create Service Work Force Plans and Service Learning Plans	SP	Phase 1 – March 2020 Phase 2a – June 2020 Phase 2b – September 2020	Chief Executive ECO Performance & Governance
5.2	Evaluate the effectiveness of the new management structure to ensure if can deliver the pace of change required for transformation and long-term sustainability.	SP	September 2020	Chief Executive/ ECO Performance & Governance
5.3	Establish a new programme of development for the Council's senior leadership team engendering a culture change and improvement.	SP	March 2021	Interim Head of HR
6.	The CPP should increase the pace in developing the remaining locality action plans in line with the requirements of the Community Empowerment Act.			
6.1	Learn from the two completed locality plans and through the Inverness Community Partnership develop with communities the following outstanding locality plans led by the Highland Council: <ul style="list-style-type: none"> • Raigmore • Dalneigh • Inverness Central • Ardersier 	SP	March 2022	ECO Communities and Place

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer
6.2	The Council will lead a discussion early in 2020 with the CPP to identify how to support and resource this work better, improve the pace of locality planning and set timescales for the 10 outstanding locality plans being led by other partners.	SP	December 2020	ECO Communities and Place
6.3	The Council and its partners will put in place reviewed Terms of Reference (TOR) for the Community Planning Partnership to strengthen governance, accountability and delivery of outcomes.	SP	April 2020	ECO Communities and Place
7.	The council should continue to work with elected members to understand reasons for variable uptake of training and agree how this can be improved alongside a programme of ongoing elected member development. In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to enhance scrutiny and help drive improvement.			
7.1	Develop a Members training and development programme which supports their important role in scrutiny and improvement following their election including by-elections.	SP	August 2020	ECO Performance & Governance
7.2	Report annually to Council on the uptake of Members training and development.	SP	June 2021	ECO Performance & Governance
7.3	Evaluate feedback from Members training to ensure its fit for purpose and identify improvement opportunities.	SP	September 2021	Interim Head of HR
7.4	Review and prepare a new induction programme for new Member for 2022.	SP	December 2021	ECO Performance & Governance

Appendix 3

Accounts Commission, How Councils work, Safeguarding public money: are you getting it right?

1. Executive Summary

- 1.1 The Accounts Commission regularly produce publications in their 'How councils work' series these reports provide learning and improvement opportunities for councillors and officers. This report in the series focuses on analysis of the current operating environment of local government and providing scrutiny checklists to support councillors and officers consider how well public money is being safeguarded. The report also links to the Governance Review where training and development needs for Members have been discussed and improvement actions identified. In this context the Account Commission report provides useful information and learning to support Members' scrutiny role in relation to the use of the Council's internal controls and risk management in safeguarding public money.

2. Background

- 2.1 The Accounts Commission regularly produce publications in their 'How councils work' series. These reports are learning and improvement opportunities for councillors and officers. This report in the series focuses on analysis and scrutiny checklists to support councillors and officers consider how well public money is being safeguarded. The report recognises that 'councillors have multi-faceted responsibilities and constantly make difficult decisions when prioritising and allocating their council's finite resources' (Accounts Commission report page 5, hyperlink below)
- 2.2 The Council has been undergoing a Governance Review and Members training and development is an important feature of the review. This Accounts Commission publication provides useful leaning opportunities and insight into the important role for both Members and officers in safeguarding public money. Along with background information on internal controls, risk management and the roles of councillors and officers there are valuable check lists to support Members' scrutiny role. A summary of the checklists is provided as Appendix 1 of this report with the full Accounts Commission report available at: <https://www.audit-scotland.gov.uk/report/how-councils-work-safeguarding-public-money-are-you-getting-it-right>

3. Key Messages

- 3.1 The key message section of the report recognises the valuable services provided by councils but also the complex and uncertain environment they operate in with pressures coming from evolving demands and expectations. The key messages from the 'How Councils work' report are:
- Recognising the importance of an effective system of internal controls and risk management and how this helps to safeguard public finances, supports policy implementation and ensures money and data is secure;

- Recognising that there are signs in the current environment of councils' internal controls becoming strained and this is evidenced by both internal and external audit work;
- Recognising that councillors are accountable for scrutinising use of public money while officers are primarily responsible for effective internal controls and risk management. The internal audit function provides a valuable and objective view;
- Councillors should seek assurances from officers that a rigorous system of internal controls is in place. Scrutiny and audit committees have a leading role, but every committee and councillor has a scrutiny role too.

3.2 The Account Commission expects councillors to use this report to ensure that they:

- Have a good understanding of the main risks facing their council and how well these risks are being managed;
- Are assured that appropriate internal controls are in place and, where weaknesses have been identified, effective action is being taken to address them;
- Are kept aware of the outcome of significant risk occurring; the failure of internal controls; and what remedial actions are being taken.

4. Overview of the Accounts Commission Report

4.1 Internal Controls help councils manage risk:

- The importance of the control environment, the awareness and actions of councillors and officers to control activities and their importance to the council. Importantly, the culture and values of the organisation are as important as structure as these are the foundation of effective internal controls;
- The other main components of internal control are risk assessment processes, monitoring activities, information systems and their use, control activities including the policies and procedures used to support decision making and their implementation along with mitigating associated risks;
- Risk management helps to safeguard public money and a council needs to understand its risks in order to manage them and these will have an element of uniqueness to each council's set of local circumstances. This will necessitate the need for more than one risk register across the organisation at strategic, operational and project levels;
- As financial pressures increase on councils identifying further saving will increase in importance making sound internal controls within a tolerable level of risk essential to extract the maximum possible value from budgets.

4.2 Weak controls can have serious consequences:

- The Accounts Commission believe that in general across Scotland there are signs that standards of internal controls may be strained and symptoms include major financial transactions not being properly scrutinised; fraud; weak risk assessment processes including responses to identified risk and correction of financial reports due to error or fraud;
- External Audit has an important role in identifying and reporting control weaknesses especially where there is a recurring pattern of weakness;
- Failure of internal controls can cause problems and result in the loss of public money. The Accounts Commission has provided cases studies around examples of control activity that works well and where there are weaknesses, these are provided in Exhibit 3 of their report (p.16-17).

- The loss of public money through corruption and fraud is highlighted along with the importance of National Fraud Initiative (NFI) (note that Highland Council is an active participant in NFI). The importance of both the Internal Audit Function and Fraud Investigation are identified for prevention and detection of fraud;
- Wider consequences of weak controls can include impact on confidence in council's integrity and reliability, exposure to litigation, breaches in data security, access to funding and additional scrutiny.
- Ensuring effective arrangements and support for whistle-blowers, controls in relation to cyber-security and continuously updating existing controls and creating new ones were also identified as increasingly important.

4.3 Officers and councillors both have important roles:

- The Accounts Commission is clear that councillors are ultimately accountable for use of public money, but councillors and officers have distinct but complementary roles. The full council is the governing body of the council and determines policy direction and is responsible for ensuring suitable services are delivered by officers. The role of the officer is to implement policy through the day to day management of services;
- Culture and behaviour are important, and this extends beyond codes of conduct to the need for trust between councillors and officers along with a recognition and respect for each's distinct role. A culture of openness to challenge helps councillors and officers to recognise the importance of scrutiny and to discuss risk and related controls, and this is a culture which should extend across the council and to partnerships. Scrutiny is seen as working best when officers provide councillors with timely, good quality information;
- The importance of the audit committee is recognised as providing the independent assurance required on the adequacy of governance arrangement, risk and internal controls along with the integrity of financial and non-financial performance reporting;
- Councils should scrutinise risks from partnership working and this extends across all sectors and to community planning partnerships, health and social care integration, city region deals and arms-length organisations. While models of service delivery are changing and may result in decision making moving away from councils, councillors need to remain sighted on their duties to their council and to their local communities;
- One of the Accounts Commission's strategic audit priorities is that councillors and officers have the right knowledge, skills and support to design, develop and deliver effective services in the future. Councils therefore need to invest in councillors' personal development including a good post-election induction which is tailored to need, which is then supported by sustained ongoing continuing professional development (CPD). Councillors should be involved in the development of their CPD programme;
- Councillor should have a clear understanding of officers' responsibilities for delivering council policy and managing services and this should be set out in a scheme of delegation. The 4 statutory officers (Head of Paid Service, Chief Financial Officer, Monitoring Officer and Chief Social Worker) have an important role in promoting and enforcing good governance, compliance, overseeing controls, managing risk and ensuring service delivery;
- Internal auditing helps to evaluate and improve how things work and provides an independent, objective assurance and consulting activity focused on adding value and improving council operations. The key

features on internal audit are set out in the Accounts Commission report (p.38-41).

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Appendix 2 Attachments: Accounts Commission, How Councils Work: Safeguarding Public Money, Appendix, Summary of checklists for councillors

Accounts Commission - How councils work: an improvement series for councillors and officers

Safeguarding public money: are you getting it right?

Report Appendix

Summary of checklists for councillors

The following questions may help you to think about internal controls and risk management in your council.

Is the answer Yes, Maybe/Partly, or No? Is action required? If so, what action and who by?

Checklist 1. Internal controls and risk management

- Do internal controls link with key corporate and service-level risks?
- Do internal controls apply to both financial and non-financial risks?
- Has the council identified the weakest internal controls?
- Are officers improving weak internal controls and minimising the risks they pose?
- Does internal auditing evaluate controls' effectiveness, and report to the audit committee?
- Does the audit committee take appropriate action?
- Does the council publicly review its system of internal controls annually?
- Is risk management actively led, supported and promoted by councillors and senior officers?
- Does the council have an up-to-date, corporate-level, risk management strategy?
- Does the corporate risk management strategy address the council's risk appetite?
- Does the council have up-to-date corporate-level and service-related risk registers?
- Is risk management embedded in business practices at both corporate and service levels?
- Does systematic evaluation and prioritisation of risks and opportunities lead to timely action?
- Are key risks and action to mitigate them monitored and reported on throughout the year?
- Do officers' reports to committees cover both financial and non-financial risks?
- Is there sufficient, timely training and ongoing support for you and relevant officers?

Checklist 2. Fraud and corruption

- Does the council have a fraud and corruption strategy for all its business, including its partnerships?
- Have cases of fraud and corruption been identified in each recent year?
- Have there been successful prosecutions for fraud or other criminal behaviour?
- Of the money lost to fraud/corruption, what percentage has been successfully recovered?
- Is the whistleblowing policy monitored for take-up; and are concerns acted upon?
- Are staff and other resources for fraud investigation proportionate to risks that the council faces?
- Are all allegations of fraud or corruption risk-assessed, and investigated accordingly?
- Are fraud alerts and good practice shared among council services in a timely way?
- Are there cost-effective measures for recovering money lost to fraud and corruption?

- Does the council actively take part in the National Fraud Initiative and act on its findings?
- Is comprehensive information on fraud and corruption reported to a relevant committee?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 3. Consequences of weak controls

- Which services have been most affected by weak controls, and why?
- Has internal auditing tracked, assessed and reported to a committee on weak controls' impacts?
- Have consequences of weak controls for ongoing service delivery been assessed?
- Could the council do more to anticipate longer-term risk trends, such as cyber-crime?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 4. Audit committee

- Do audit committee councillors have a clear remit that addresses the latest guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA)?
- Does the chair of the committee manage committee meetings effectively?
- Does the chair routinely liaise with the head of internal audit before committee meetings?
- Do the committee's councillors attend routinely, prepare well and challenge officers appropriately?
- Does the committee approve internal audit's annual workplan and reports?
- Can internal audit report to senior officers and the audit committee without fear or favour?
- Do officers provide committee members with timely, well-written and useful reports?
- Do internal audit reports set out comprehensively and clearly what needs to improve, and how?
- Does the committee endorse and track improvements proposed by internal auditing?
- Has the committee identified the top five risks to the council?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 5. Partnership working

- Do the council's governance and internal controls mitigate partnerships' risks to the council?
- Does the council have risk registers concerning its various partnerships?
- What resources (such as staff, buildings and money) does the council contribute to partnerships?
- Does each partnership have a clear purpose and explicit, outcome-based objectives?
- Are governance arrangements for each partnership clear, documented and fit for purpose?
- Does the council apply the code of practice on 'Following the Public Pound' to each arm's-length external organisation?
- Does the council have sound reasons for having a representative on a partnership's board?
- If you sit on a partnership's board, do you appreciate what is required of you and the linked risks?
- Is there good-quality, transparent and publicly accessible performance information?
- Are concerns about risks posed by partnerships escalated suitably within the council?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 6. Councillors' continuing personal development

- After the last election, was the general induction programme for councillors successful?

- Do officers give you good support on knowledge topics (such as internal controls)?
- Do officers give you good support on personal skills (such as chairing meetings)?
- Do you fully understand your roles and duties at council, cabinet, committee and ward levels?
- Have you made good use of the Improvement Service's support and publications?
- Do you have a personalised CPD programme?
- Do you actively participate in, and benefit from, the support made available to you?
- Do officers monitor and understand councillors' take-up of training and development?
- Where you do not engage fully in training and development, how could officers help more?
- Does CPD for councillors help you to be effective in your governance and scrutiny roles?

Checklist 7. Statutory officers and chief education officer

- Are the roles of these officers clearly set out in the council's governance documents?
- Do these officers sit on the corporate management team, or have ready access to it?
- Are these officers sufficiently resourced to discharge their roles and responsibilities?
- Do these officers have the influence needed for ensuring the council operates effectively?
- Do councillors and committees understand how and when to consult these officers?
- Do these officers give helpful, timely, impartial support to councillors and other officers?
- Do these officers have a constructive relationship with the senior management team?
- Do you have confidence in your council's key officers?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?

Checklist 8. Internal auditing function

- Does internal auditing (IA) follow Public Sector Internal Audit Standards and other reputable guidance?
- Is IA objective; free from undue influence; and independent in its thinking, work and reports?
- Is IA suitably located in the council's structure?
- Is IA sufficiently resourced to recruit, retain and develop the staff it requires?
- Is IA free of operational responsibilities that could risk compromising its independence?
- Is IA's work aligned with the council's strategies, objectives and risks?
- Does IA give senior officers and councillors clear, timely, objective, risk-based assurance?
- Does the head of IA have unrestricted access to the chief executive?
- Does the head of IA give committees the information they need to make informed decisions?
- Is there sufficient timely training and ongoing support for officers and councillors, including you?