

Agenda Item	14
Report No	HC/25/22

HIGHLAND COUNCIL

Committee: The Highland Council

Date: 22 September 2022

Report Title: **Best Value Assurance Report (BVAR) Improvement Plan Progress Report 2021/22**

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. 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. The Council considered the findings of the report and approved an improvement plan on 12 March 2020 with the first progress report being received by Council on 9 September 2021 for 2020/21.
- 1.2 This report provides an update to Council on the progress made delivering the BVAR Improvement Plan to the year end at 31 March 2022. While COVID-19 continued to impact on progress in some areas of the plan, good progress has been achieved overall with further actions completed. Overall for 2021/22 there are 80% of actions either complete or on target compared to 67% in 2020/21.

2. Recommendations

- 2.1 Members are asked to:
- I. consider and comment on the progress reported; and
 - II. agree the revisions to timelines required to complete the delivery of the improvement plan as detailed in Appendix 1 in *italics*.

3. Implications

3.1 Resource implications

It should be noted that the BVAR Improvement Plan continues to be dependent on the approval of the Council's budget because this will underpin the Council's medium-term financial strategy. In addition, should evidence of improvement not be provided through the delivery of the Improvement Plan then there are additional resource implications for any Council requiring follow up external audit work as a result. This is not indicated through external audit reporting at this time.

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 should the agreed improvements not be achieved.

3.4 Gaelic Implications

There are no implications arising from this report.

4. **Background**

4.1 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 a draft final report was submitted to the Controller of Audit, Accounts Commission. The report was considered by the Accounts Commission Board on 9 January 2020 with the final report issued and public on 23 January 2020. The Council considered the findings of the report and approved an improvement plan on 12 March 2020. The covering report, BVAR and improvement plan from March 2020 can be accessed via a link provided in the references section at the end of this report. Related paragraphs of the BVAR are referred to within section 5 of this report. This is the second progress report on delivering the improvement plan, the first having been considered by Council on 9 September 2021.

4.2 The audit of Best Value is now a continuous process that forms part of the annual external audit of the council and findings are reported each year through the External Auditors Annual Report which is considered by the Audit & Scrutiny Committee. The focus of the audit in relation to Best Value is currently on the actions agreed in the Council's BVAR Improvement Plan and its assessment will form part of the wider scope element of the annual external audit of the Council including the audit of the annual accounts and for 2021/22 the thematic of equalities.

5. **BVAR Improvement Plan Progress Report**

5.1 There were 7 recommendations outlined in the Council's BVAR. The development of the BVAR Improvement Plan was scrutinised and informed by Members through a workshop on 13 February 2020. Attached as Appendix 1 is the BVAR Improvement Plan and the current RAG status of the improvement actions as at 31 March 2021 taken from the Council's Performance & Risk Management System (PRMS). While there has been some slippage, this is within the context of the impact of COVID-19, good progress has been achieved overall. The plan contains 27 improvement actions of which 17 are completed (10 in 2020/21) and 3 on target this represents 80% completed or on target compared to 67% in 2020/21. There are 6 actions with some slippage and 1 with no significant progress (these are the same as in 2020/21). Appendix 1 also contains recommendations for changes to delivery timelines which are highlighted in *italics* for Members attention and approval.

5.2 **Recommendation1:**

'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, BVAR)

Improvement action update:

The Council received regular reports on the Council's budget and financial position throughout 2021/22 and this will continue during 2022/23. From March 2021 to March 2022 the Council agreed four phases of investment to support the recovery from Covid and service transformation. The budget set in March 2022 included a variety of savings proposals but was a one-year budget for 2022/23 only and included the final of the four investment phases. In June 2021 a report on Medium-Term Financial Planning and resource allocation for phase 2 investment for the Health & Prosperity Strategy was agreed with phase 3 investment agreed at the Council meeting in September 2021. The Council's Executive Leadership Team meets weekly to consider governance, resources and performance issues and the ECO team scrutinises all requests to recruit to vacant posts. Governance is managed across three Boards; Performance & Governance Board (which will include a regular focus on finance/savings delivery), the Capital Programme Board and the Change and Improvement Board. Further work is required on medium to long term financial planning and this will be aligned with the development of a new Council Programme and Corporate Plan in autumn 2022. Within the Council's Communications and Engagement Strategy there is an ongoing programme of staff engagement on transformational change across the Council, in addition to keeping staff informed of key Council priorities and the need for budget sustainability. Online briefings by the Chief Executive and ECOs continue to be well attended and since the removal of Covid restrictions in the Spring, there has been the opportunity for more face to face staff engagement. Extensive staff visits have taken place in recent months across a range of Council areas and services. During 2021-22 the focus has been to engage and inform staff on the Council's COVID-19 response, support their health & wellbeing and New Ways of Working (NWoW) post COVID, climate change and the need for energy reduction and asset rationalisation. Integrated finance and performance reports are now submitted to Strategic Committees quarterly, further work to develop the presentation of financial information is planned. The review of the Council's HR and payroll database Resource Link and options appraisal has been completed and a Board formed to oversee system reprocurement and implementation by March 2024. Work is still required to deliver updated financial management training. Service Planning guidance continues to be kept under review with a corporate review group in place. Draft service plans for 2022/23 have been prepared for Autumn 2022 committee cycle to support the development of a new Council Programme and Corporate Plan. Finalised service plans will be submitted to Strategic Committees once a new Corporate Plan is in place for 2023/24 onwards in Spring 2023.

5.3 Recommendation 2

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

Improvement action update:

An updated approach to the Corporate Plan now articulates trend data, family and national benchmark positions and Members have set stretch targets for improving the Council's national benchmark positions. This resulted in enhanced performance reporting against targets in the Council's Annual Performance Report from October 2020 and the SPI, Benchmarking & Best Value Report to Council in March 2021 and 2022. As outlined above the reviewed approach to Service Planning reflects the requirements of the Corporate Plan and also ensures the Council's performance framework is effectively managed at Service

and operational levels led by Executive Chief Officers. Service Planning guidance is kept under review to ensure it takes account of best practice with a cross Service Review Group having been recently established. Following Local Government elections, a new Corporate Plan will follow the development of a new Council Programme and performance indicators and targets will be reviewed to monitor the delivery of the new plan. Work continues to improve the use of data to inform improvement planning and performance reporting to Strategic Committee linked to the improvements agreed through Service Plans. A Business Intelligence Vision was agreed by Corporate Resources Committee on 8th There is ongoing activity to engage Head Teachers in use of performance data with a focus on closing the attainment gap for pupils from deprived backgrounds including numeracy, literacy along with positive and sustained destinations and this links to new stretch targets set by the Scottish Government.

5.4 **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, BVAR).

Improvement action update:

A corporate approach to self-assessment has been implemented working in partnership with the Improvement Service. The Improvement Service briefed the Council’s Executive (ELT) and Senior Leadership (SLT) teams during a workshop session on performance and self-assessment on 21st June 2021. All Service Management Teams (SMT) have been briefed on the Public Services Improvement Framework (PSIF) as the corporate self-assessment model by the Corporate Performance Business Partners (CPBP). The CPBPs have been trained the Improvement Service to facilitate the self-assessment process and a successful pilot has been delivered working with the Customer Resolution and Improvement Team. Support from the Improvement Service is included in the annual fee paid by all local authorities and this also enables the Council to access best practice from 40 public sector organisations in Scotland already using the PSIF model. The sharing of best practice internally continues including use of the Recovery, Improvement & Transformation Board, and joint ELT/SLT workshops and briefings which run monthly or more frequently as required. Networking with other Councils on good practice in Covid response and recovery has been strong and is continuing for a range of business. Council lead officers participate in thematic development events with the Improvement Service reviewing data and best practice within the Local Government Benchmarking Framework (LGBF) as part of an ongoing annual programme. External learning has continued through virtual approaches and staff report that learning opportunities have increased as more online training and development is offered avoiding the time and cost of travel.

5.5 **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, BVAR).

Improvement action update:

As reported to Council on 9 September 2021 the work has been completed to revise the Council’s governance arrangements. These will be kept under review to ensure continued effectiveness of the Council’s sub-committees and working groups and that the Council is satisfied that the new arrangements are achieving the required improvements

5.6 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, BVAR).

Improvement action update:

Phase 1 and 2 a) are complete, with budget and savings alignment reflected in the roll forward budgets for 2022/23 and the new structure likewise reflected in the draft Directorate Service Plans that are being approved through the current cycle of committees. These structures are also reflected in the Strategic Committees which are operating effectively. New members have received briefings on Directorate roles and responsibilities and strategic and non-strategic committee remits as part of their induction programme. These sessions have been available to returning Members as well. They have also been recorded and are available on the Council's intranet. In terms of Phase 2b) ERDs with the Chief Executive and the ECO team over the summer have evaluated the effectiveness of Service delivery, budget management and the delivery of Strategic Committee business. Given the financial crisis as reported elsewhere to this Council and the need to review staffing around opportunities to reduce, reshape and review the workforce this needs to also be applied to our senior management structure. Therefore, a report will be brought to Council on 27 October 2022 seeking Member approval to implement changes to the senior management structure to support the Council focus on continuous improvement ensuring a resilient and sustainable future Council. Draft initial Service workforce and learning plans are underway and will be developed within the context of the People Strategy which will also be submitted to the October Council. A weekly Performance Governance Board has been established to ensure performance of key deliverables are kept under regular review. The working week has been amended to provide a regular slot for learning and development across the Senior Leadership Team (SLT) on Monday afternoons. Senior leaders from grade HC12 upwards have regularly attended sessions on corporate initiatives and priorities, for example understanding the financial capabilities of the Council, a focus on energy and renewables, business development and the Council's Digital Strategy. These sessions have also provided a welcome space to facilitate team building and cross service working resulting in a deeper corporate understanding of the whole organisation thereby strengthening relationships and leadership across Services. It has also provided an opportunity to establish stronger peer support creating a more inclusive environment.

5.7 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, BVAR).

Improvement action update:

As reported previously, the CPP Board reviewed its approach to locality planning, agreeing a revised approach in November 2021. This was a move to having one locality plan per partnership area. A Community Support Coordinator is now appointed to take this forward across the Inverness Partnership area. This has provided for the preparation of draft locality plan for City Area to include all localities listed at 6.1 in Appendix 1 and a broader thematic approach across the area, based on achievements to date, using workshops, to identify key priorities. City Councillors will be briefed after appointment of a Partnership Chair at the City of Inverness Area Committee on 14th September. Completion of the improvement action by April 2023 or sooner and in line with development of a broader Place Plan for the area.

5.8 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, 150–151 BVAR).

Improvement action update:

A Members survey was issued early in 2022, part of which focused on members training and induction and the feedback from this helped to inform the development of the Members' induction programme which commenced the week following the local Government elections in May 2022 and is still underway. The Programme has provided interactive workshops on the Council's Directorates and Committees, and included sessions on Governance; Code of Conduct, Local Government Finance; Information management and governance; media and communications. In addition, CIPFA delivered essential training to Members of the Audit & Scrutiny Committee supported by lead officers to blend best practice with local arrangements for the Committee. There has also been mandatory training provided on regulatory functions relating to licensing and planning. All sessions have been available to returning members as well as newly elected and have used a combination of in person, online and hybrid platforms. Recordings have been made of the key induction sessions and these are held on the Members' intranet. The Members' Intranet has also been completely refreshed and updated and enables Members to access their key documents and guidance from one place, including the Improvement Service Induction Notebooks. Training and development opportunities will continue to be rolled out over the coming months with dedicated sessions on subjects including health and safety; Member safety and security; Equality and Diversity; and Gaelic Awareness. A range of online training and development opportunities are also available on the Council's online learning platform Traineasy including corporate risk, Members' scrutiny role and performance management. A further Member survey will be issued in the Autumn which will include additional questions seeking feedback on the induction programme and the delivery of ongoing training and development opportunities as a rolling programme which will inform a report to Council in October 2022.

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Appendices:

1. BVAR Improvement Plan RAG status and timeline update report

References:

https://www.highland.gov.uk/download/meetings/id/76591/item_13_the_highland_council_best_value_assurance_report_2020

**HIGHLAND COUNCIL
BEST VALUE ASSURANCE REPORT - IMPROVEMENT PLAN**

Appendix 1

Action status:

R No significant progress

A Some slippage

G On Target

C Complete

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
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	C
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	G
1.3	Review the financial arrangements at committee and sub-committee levels including remits, responsibilities and improving procedures for Members and staff.	SP	a) March 2020 b) Amended to December 2021	ECO Resources & Finance	C
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	a) May 2020 b) Amended to Dec 2021	ECO Resources & Finance	C

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
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	a) September 2020 b) Amended to January 2022	ECO Resources & Finance	A
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	a) December 2020 b) Amended to March 2022 <i>Amend to March 2023</i>	ECO Resources & Finance	R
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	C
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	Strategic Lead Corporate Audit & Performance	C
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	Strategic Lead Corporate Audit & Performance	C

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
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 ongoing quarterly monitoring	All ECOs	G
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	C
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	a) Ongoing to February 2021 and review b) Amended to February 2022 <i>Amend to April 2023</i>	Head of Education	A
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	a) September 2020 b) Amended to December 2021	Strategic Lead Corporate Audit & Performance	C

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
3.2	All ECOs and senior managers will develop a programme of external learning to support understanding of best practice and continuous improvement in their service.	SP	a) March 2021 b) Amended to March 2022 <i>Sept 22 Amend to ongoing</i>	All ECOs	A
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	a) March 2021 b) Sept 21 Amended to 'and ongoing'	All ECOs	G
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	C
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	C

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
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	<p>Deliver an Improvement Programme to support the organisation restructure and achieve</p> <p>Phase 1 – New organisational structures designed, budgets and saving targets re-aligned and corporate systems revised to support.</p> <p>Phase 2 a) – New structures implemented and new committee reporting embedded</p> <p>Phase 2b) – Review structure implementation, create Service Work Force Plans and Service-Learning Plans</p>	SP	<p>a) Phase 1 – March 2020</p> <p>Phase 2a – June 2020</p> <p>Phase 2b – September 2020</p> <p>b) Amended 2b to October 2021</p> <p><i>Amend 2b to September 2022</i></p>	Chief Executive/ ECO Performance & Governance	A
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	<p>a) September 2020</p> <p>b) Amended to March 2022</p>	Interim Depute Chief Executive	C

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
5.3	Establish a new programme of development for the Council's senior leadership team engendering a culture change and improvement.	SP	a) March 2021 b) Amended to September 2021 <i>Amend to September 2022</i>	Interim Head of HR	A
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 <i>Amend to April 2023</i>	ECO Communities and Place	A
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	C
6.3	The Council and its partners will put in place reviewed Terms of Reference (TOR) for the Community Planning	SP	April 2020	ECO Communities and Place	C

Ref.	Recommendation/Improvement Action	Source: Corporate Plan (CP) Service Plan (SP)	Timescale(s)	Lead Officer	RAG STATUS 2021/22
	Partnership to strengthen governance, accountability and delivery of outcomes.				
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	C
7.2	Report annually to Council on the uptake of Members training and development.	SP	June 2021	ECO Performance & Governance	C
7.3	Evaluate feedback from Members training to ensure its fit for purpose and identify improvement opportunities.	SP	September 2021	Interim Head of HR	C
7.4	Review and prepare a new induction programme for new Member for 2022.	SP	December 2021	ECO Performance & Governance	C