

Agenda Item	3
Report No	AC/01/24

HIGHLAND COUNCIL

Committee: **Audit Committee**

Date: **24th January 2024**

Report Title: **Best Value Thematic Report 2022/23**

Report By: **Strategic Lead (Corporate Audit & Performance)**

1. Purpose/Executive Summary

- 1.1** This report presents the 2022/23 Best Value Thematic Report from our External Auditors. This was the first planned thematic review and examined the effectiveness of the Council's leadership of the development of the council's strategic priorities, following the local government elections in May 2022.
- 1.2** Audit Scotland, our External Auditors, will attend the Committee to present this report.

2. Recommendations

- 2.1** The Committee is asked to:
- i. Scrutinise the report findings and the improvement action plan set out in Appendix 1 of the report.
 - ii. Note that the next thematic review will examine "workforce innovation". This will be included and reported as part of Audit Scotland's 2023/24 audit work.

3. Implications

- 3.1** Resource – there are no additional resource implications arising from the report.
- 3.2** Legal – the Council has a statutory duty to deliver Best Value (BV). Audit Scotland holds Councils to account for this duty by assessing how effectively they are delivering BV and publicly reporting on the outcome.
- 3.3** Community (Equality, Poverty and Rural) – the audit scope considered how effectively the Council engages with citizens and communities in setting priorities and decisions taken by the Council. In addition, the effectiveness of Council policies in reducing inequalities was also examined. Recommendations have been made by Audit Scotland on this area with scope for improvement recognised within the action plan at Appendix 1.

- 3.4 Climate Change / Carbon Clever – the audit also considered how effectively Council priorities reflect the need to reduce climate change. There were no audit recommendations made and so there are no implications arising from the report.
- 3.5 Risk – timely implementation of the management agreed actions will assist in driving improvement and ensuring that the Council has effective arrangements to demonstrate that it provides Best Value. By doing so, this will reduce the risk of reputational damage arising from any adverse BV report findings.
- 3.6 Health and Safety (risks arising from changes to plan, equipment, process or people) – there are no implications arising from this report.
- 3.7 Gaelic – there are no implications arising from this report.

4. Background

- 4.1 For the audit period 2022/23 – 2026/27, Audit Scotland has adopted a new approach to auditing Best Value in Councils whereby this is now integrated within their annual audit work and with annual BV thematic reviews undertaken. There will still be a statutory report on each Council during this five-year period.
- 4.2 The first thematic review examined the effectiveness of the Council’s leadership of the development of the council’s strategic priorities, following the local government elections. The attached report also provides an update on the areas covered by the recommendations in the previous statutory Best Value Assurance Report published in 2020.
- 4.3 The key messages are set out in pages 3-4 of the report which overall shows a positive picture of the Council. Some areas for improvement have been identified which resulted in 5 audit recommendations. Details can be found in Appendix 1 of the report together with the management agreed actions and the associated target dates. Progress with implementation will be followed up by Audit Scotland as part of their normal audit process in 2023/24.
- 4.4 The next thematic review will focus on “workforce innovation” and this will be reported as part of Audit Scotland’s 2023/24 annual audit work.

Designation: Strategic Lead (Corporate Audit & Performance)

Date: 9th January 2024

Author: Donna Sutherland, Strategic Lead

Background Papers:

Leadership in the development of new local strategic priorities

Highland Council

Best Value thematic work in councils 2022-23



Prepared by Audit Scotland for The Highland Council and the Accounts Commission
January 2024

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Key messages

Council vision and priorities

- 1 The Highland Council (the council) has a clear and well-articulated strategic vision. This is well embedded across the organisation and through the service planning process.
- 2 The council has set out its priority areas and the associated performance levels it wants to achieve and should now set the remaining outstanding targets.
- 3 The council has engaged with staff and partners in communicating its vision and priorities to its staff, citizens and partners through its website, social media channels and face to face events.

Citizen and community engagement

- 4 The council has effectively engaged with citizens when developing its priorities and the key concerns of citizens are captured in the council's strategic plans.
- 5 Citizens feel they have little influence over decision-making and there was little awareness of the council's approach to community based funding for projects.

Reducing inequalities and tackling climate change

- 6 "Our Future Highland" is the council's five year programme which sets out its vision and key strategic priorities including commitments to reducing inequalities, provide sustainable housing, progressing actions to address climate change and securing benefits from renewables.
- 7 The council has agreed equality outcomes with partners and is raising awareness of taking a rights based approach, but consistency is needed in the application and publication of Equality Impact and Fairer Scotland Assessments to ensure no person or community is disadvantaged.
- 8 Environmental sustainability is viewed as a priority for the council, and it has set a target of becoming a carbon neutral Inverness and a low carbon Highlands by 2025. A number of initiatives are in place to meet this including the creation of the Inverness and Cromarty Firth Green Freeport.

Alignment of delivery plans

- 9 Appropriate plans are in place and aligned to the council's priorities. The council has aligned its 2023/24 budget to its new priorities.
- 10 Workforce plans are in place to deliver the services in line with council priorities
- 11 The Digital strategy 2022 recognises digital needs are to become integral to service and there are plans in place to address digital exclusion.

Leadership

- 12 There has been high turnover of senior officers including the chief executive role since the last BVAR in 2020. A new, permanent chief executive has been appointed and started with the council in September 2023. Time is needed for new relationships to be established as the council has gone through a period of change.
- 13 We have observed good, collaborative working between members and officers towards the achievement of the council's priorities.
- 14 Members and officers demonstrate mutual respect, trust, honesty and openness and appropriate behaviours.

Follow up of 2020 Best Value Assurance Report

- 15 The council received a full Best Value Assurance report in 2020. As part of our annual work programme, we followed up on agreed actions from that report. We noted good progress in addressing the four remaining recommendations. Items not addressed have been included in our action plan at [Appendix 1](#) of this report and will be followed up as part of normal audit procedures in 2023/24.

Scope of the audit

1. When discussing the Local Government in Scotland Overview 2022, the Accounts Commission noted: *“Councils are operating in a complex and increasingly volatile, unprecedented and unpredictable environment. Strong leadership from councils is needed now more than ever, with new and returning councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources.”*
2. This report concludes on the effectiveness of the council’s leadership of the development of the council’s strategic priorities, following the recent local government elections.
3. [The Accounts Commission’s Strategy \(2021-26\)](#) sets out its priorities to focus on inequalities, funding, communities and recovery. The [Code of Audit Practice 2021](#) sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2021 Best Value reporting requirements

Best Value reporting – extract from the Code

87. The Accounts Commission’s approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body’s performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate. ¹
- The Accounts Commission reports nationally on thematic aspects of local government bodies’ approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

¹ The Controller of Audit will report the first tranche of council BV reports to the Commission between October 2023 and August 2024 on Moray, Falkirk, Dundee City, Orkney Islands, South Ayrshire, Dumfries and Galloway, Clackmannanshire and West Dunbartonshire.

4. This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership of the development of the council's strategic priorities.



5. In carrying out the work auditors have considered the following questions:

- How clear is the new council vision and its priorities?
- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the council?
- How effectively do the council priorities reflect the need to reduce inequalities and climate change?
- How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the council's priorities?
- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

6. An improvement action plan is included at [Appendix 1](#) of this report. This sets out audit recommendations in key areas, and the council's planned response including responsible officers and dates for implementation.

7. The coverage of the work is in line with the expectations for council's arrangements for the seven Best Value themes in the [Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020](#).

8. This report reflects upon and includes an update on the areas covered by recommendations in the [Highland Council Best Value Assurance Report](#) (BVAR) published in November 2018.

Council vision and priorities

9. A council focused on achieving Best Value in how it operates will be able to demonstrate that elected members and officers have a clear vision and priorities for their area.

10. The [Local Government in Scotland Overview 2022](#) says that Scotland's councils have had a pivotal role in supporting and working with communities as they respond to the impacts of Covid-19. Councils will have reviewed their priorities following the latest council elections in May 2022.

11. The Highland Council (the council) covers a large and diverse geographical area representing approximately one third of the land area in Scotland and includes 14 island communities and several communities which are considered remote and rural. This alone presents challenges unique to the Highland region to ensure services provided meet the different needs of its population.

12. Since the last Best Value Assurance Review in 2020, a new organisational structure has been implemented which links senior officers with defined geographical regions. The new structure is intended to provide clear leadership and oversight so services can align local priorities and enable continuous improvement. This created a flatter organisational structure.

13. More recently, there has been significant changes at the most senior level of the council since the start of 2023 with the permanent appointment of the new chief executive who took up post in September 2023. The post was filled on an interim basis when the former chief executive left in January 2023.

The council has a clear and well-articulated strategic vision. This is embedded across the organisation and through the service planning process

14. "Our Future Highland" is the council's programme setting out its vision, and key strategic priorities for 2022 to 2027. It was approved by the council and published in December 2022.

15. The Corporate Plan 2022-2027 provides the framework required to deliver and monitor the council's programme and includes its commitments, associated targets and measurements. It was approved by the council on 9 March 2023. The Corporate Plan will be subject to review following the Annual Performance Report to the council with the first review due to be carried out in Autumn 2023.

16. There are five key strategic priority outcomes outlined in the council's Programme and the supporting Corporate Plan (previous corporate plan 2017-22 contained nine strategic outcomes):

- A Fair and Caring Highland

- Resilient and Sustainable Communities
- Accessible and Sustainable Highland Homes
- A Sustainable Highland Environment and Global Centre for Renewable Energy
- A Resilient and Sustainable Council

17. Each commitment has associated actions and targets setting out how the priorities will be achieved. There are 139 measures and actions and associated targets detailed in the Corporate Plan. The targets are informed by prior years' outcomes and the most recent baseline information where relevant. The use of baseline data to inform targets and drive scrutiny was recommended in the 2020 Best Value Assurance Report (the 2020 BVAR).

18. We have noted 22 actions where targets have not yet been set. We are aware that in some instances the delays in target setting are outwith the council's control e.g. this is a new commitment and there is no baseline data present or the target is dependent on funding being awarded. This was reported to the council and officers are working on setting the remaining targets.

Recommendation 1

It is recommended that the council review the 22 actions and set targets in order to track performance and outcomes in a meaningful way.

19. The council's updated service planning process ensures that staff are aware of the strategic vision and priorities as service plans must relate back to the delivery of key council priorities. The council reviewed its service planning approach in 2020/21, strengthening the connections to delivering the corporate plan along with directorate improvement priorities. Further work has also been progressed with service planning to make better use of analysis of performance data and business intelligence.

20. The council reports performance through service committees during the year as well as publishing information on its website. The council receives an annual performance report on its corporate plan and delivery of priorities. The first report is due in September 2023. It intends to review its priorities within two years to reflect changes to the local context in line with national decisions and priorities such as future budget settlements.

21. Performance is recorded on the Performance and Risk Management System. Executive chief officers monitor performance and highlight risk areas at their weekly meetings as standard practice. We also noted that the corporate performance business partner model used means service heads need to take ownership of service performance and performance is visible to committees. Quarterly performance reports are provided to the Strategic Committees enabling members to fully scrutinise performance against their service plans and any corporate actions that they lead on / contribute to.

The council has engaged with staff and partners in communicating its vision and priorities to its staff, citizens and partners through its website, social media channels and face to face events

22. In addition to keeping staff informed of key council priorities and the need for budget sustainability the council's Communications and Engagement Strategy has an ongoing programme of staff engagement on transformational change. Online briefings by the chief executive and executive chief officers continue to be well attended and since the removal of Covid-19 restrictions, there has been the opportunity for more face to face staff engagement.

23. Staff visits have taken place across a range of council areas and services. During 2021/22 the focus of staff visits was to engage and inform staff on the council's Covid-19 response, to support their health, wellbeing and new ways of working. Post Covid-19 staff engagement focused on climate change, the need for energy reduction and asset rationalisation.

24. The council communicated the new vision and priorities through its website with a page dedicated to 'our priorities' with separate links to the council's programme; the budget strategy; the corporate plan; service plans; the Community Planning Partnerships (CPP) and performance reporting. The vision was also advertised on the council's social media channels (Facebook / Twitter).

25. The latest Administration Programme was developed by a member programme development group with assistance from an officer support group. This included reviewing various programmes and plans across a range of UK and Scottish organisations and councils. Highland demographic and regional economic data was considered including the Ipsos MORI 'My Life in Highlands' survey produced by Highland and Islands Enterprise. This research led to the environment being included as a specific outcome statement in the Administration Programme.

26. The administration asked for views on the draft programme through:

- Face to face sessions across the region.
- A focus group for the business community.
- An online survey issued to around 350 communities and community councils.
- Discussions with the community planning partners.
- "Vision boards" were sent to schools for young people to express their hopes and aspirations for a future Highland.

27. The Corporate Plan supports the Programme which is set by the administration and their priorities for the Highlands. The Corporate Plan was prepared by council officers using this research to inform the Administration Programme. An all-member workshop was held in February 2023 to consider

the draft Corporate Plan. Feedback from this session was reflected in the published Plan and updated performance targets.

28. The Corporate Plan has included two new commitments to achieve in partnership with the CPP – to reduce the number of suicides and to increase the number of people trained in supporting people with mental health and well-being concerns. We noted that there could be a clearer alignment and more explicit linkages between the priorities in the Highland Outcome Improvement Plan 2017-27 (HOIP) which has a clear focus on reducing inequalities and the Corporate Plan.

29. Covid-19 recovery has been built into service plans and delivery models where possible as no additional funding for Covid is available. It will take time for the recovery and its impact to be evident.

Recommendation 2

The council should ensure there is a greater alignment and explicit linkages between the Corporate Plan and the Highland Outcome Improvement Plan with regards to CPP.

30. Additional resources have been committed by the council and partners to progress the work of the CPP with a new team starting in June 2023. The CPP has created a new website with useful resources including area profiles and meeting papers. This will help inform communities of actions being taken to meet needs in the area and the council should work with the CPP to use this to share and align its priorities.

31. The council has set out its priority areas and the associated performance levels it wants to achieve. Current year targets are provided in the corporate plan and the annual report to be produced will contain a RAG status. The council included the impact of Covid-19 as a performance indicator which is useful. We have noted and recommended above that there remain some indicators without a target and that these should be agreed in order to commence tracking and reporting on overall performance.

Education continues to be a key focus for the council

32. Since 2020, the council has undertaken six school consultations to gather the views of citizens. Four related to Gaelic Medium Education catchment areas. HMI Inspectors agreed that all four had potential educational benefits. The relocation of St Clement's School to a new build would have significant potential educational benefits as the purpose-built school would significantly improve facilities to support learners with complex additional support needs. Additionally the proposed closure of Roy Bridge Primary School in 2022 was also viewed by HM Inspectors as having potential education benefits due to the declining school roll. Three consultations have been undertaken in 2023.

33. However, in September 2023, the council revised their capital programme on the ground of affordability in light of the current economic climate. This

resulted in significant reductions to the programme with a number of previously earmarked projects being deferred. The deferred list included schools and it was agreed that this will be reassessed in the future if conditions change.

34. A planned focus improvement activity was to close attainment gap for young people from deprived backgrounds. Steady progress has been made in attainment indicators. At SCQF Level 6 attainment by children from deprived backgrounds remains 4% below the national average but is 5% above the family group average. At SCQF level 5 attainment is 1% below the national average and is 5% above the family group average. The council is ranked 14 in both indicators and the 2022/23 target was to maintain this ranking.

35. Early attainment results in August 2023 showed young people at SCQF Level 6 who live in vulnerable circumstances, was 3.2% higher than in 2022. The council estimate this as 35 more young people than the previous year. Performance is reported to the council in March every year for the prior period (e.g. in March 2023, the 2021/22 performance was reported).

36. Education Scotland undertook a Collaborative Improvement Review focusing on the progress being made in developing systems to support improvement in schools in March 2023. The council has been focusing on developing a framework to support system wide self-evaluation to support and challenge schools to raise attainment.

Follow up of 2020 BVAR recommendations

37. The 2020 BVAR recommended that, *“the council should increase the use of family grouping data, benchmarking and targets to enhance performance reporting”*.

38. The latest corporate plan now includes trend data, family and national benchmark positions and members have set stretch targets for improving the council’s national benchmark positions. This improves transparency as performance can be analysed against the national average and councils with similar demographic characteristics. We are satisfied the recommendation has been actioned.

Citizen and community engagement

39. Recovery from the pandemic will require councils to work alongside their local communities. There must be a focus on getting the services people need in place as pressures and stresses escalate and impact the day to day lives of individuals and communities.

40. Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives.

41. Early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services should be a core part of determining a council's vision and priorities.

The council has effectively engaged with citizens when developing its priorities but is looking for new and improved ways to engage with communities

42. The council engaged with its citizens as part of developing the council's new priorities. Members of the public were invited to view the draft priorities and respond to a survey providing views. In addition, members of the Administration held a number of events at local locations for two weeks to discuss the issues important to the local communities.

43. Previously, the council engaged with citizens via its Citizen's Panel. This was designed to be representative of the adult population of the Highland region and consisted of approximately 2,600 people. It allowed the council to consult with communities about its performance. The results were published in the annual Performance & Attitudes Survey.

44. The last consultation with the Citizens Panel was in 2019 where 2,593 questionnaires were sent out to panel members and 1,137 responses were received (44% response rate). The survey results indicated that respondents felt "*public bodies don't listen to community views*" and communities have little influence over decision-making. Additionally, over half of the respondents were not aware of the participatory budgeting scheme which would indicate the council need to do more to promote this key piece of work.

45. Despite this, we have noted various examples of where the council are engaging with communities to target the use of funds such as:

- Public engagement is being used to help target funds to better inform area committee decisions on allocations, including Coastal Communities Funds, Place Based Investment Funds, and Area Play Funds. These will have direct impact on the local communities.
- The Highland Coastal Communities Fund is designed to support economic regeneration and sustainable development around coastal areas in Highland. The fund is derived from revenue generated by Scottish Government Crown Estate marine assets. The council has received over £3 million since 2020 in respect of this. The council has encouraged communities to decide where to invest this money and 94 projects have been funded to date .

Recommendation 3

The council should increase awareness of its approach to participatory budgeting more widely so that citizens can be more involved in community decision-making.

46. The results of the survey were communicated to staff and management via briefings. The council felt the annual Citizens Panel survey was not fully representative of the Highland population demographics and levels of engagement had reduced significantly. It was not possible to carry out the survey in 2020 due to Covid-19 but the Citizen’s Panel it is planned to go ahead in 2024 and results enhanced with the short surveys used.

47. In 2020 it was not possible to carry out the Annual Performance and Attitudes Survey due to the pandemic and community engagement following the pandemic has been difficult. “You Said / We Did” data has been analysed by the council to identify areas of need and demand. The council also make use of existing datasets from partners but they could be more fully utilised as a source of intelligence.

48. The council wants to be a “listening council” and the executive leadership team recognise that engagement with residents has been challenging and is an area for improvement. The “My Council” programme aims to improve customer contact by engaging directly with council customers and clients to understand their priorities better and improving customer contact. In addition, and to demonstrate wider citizen / community engagement, the council plans to undertake more, short surveys with different groups of people using the most appropriate survey methods for the audience to target its demographic better.

49. The Corporate Plan and the Health and Prosperity Budget Strategy for Highland reflect the results found in the annual performance and attitudes survey. However, citizens did not feel like they have much influence over decision-making and there was little awareness of the council's approach to community based funding for projects.

50. Over the last several years there has also been significant public engagement and consultation on community asset transfer requests. This is a method for community bodies to ask to purchase, lease, manage or use land

and buildings belonging to local authorities. Between the introduction of the Community Empowerment Act in 2017 and June 2023 the council agreed 45 asset transfers. The council intends to promote community asset transfers in its community wealth building strategy, expected in March 2024, which features in priority two of the Corporate Plan.

51. It will be important that the council listen to the views of citizens from this survey and communicate the actions they take as a result.

Follow up of 2020 BVAR recommendations

52. The 2020 BVAR recommended that *“the CPP should increase the pace in developing the remaining locality action plans in line with the requirements of the Community Empowerment Act.”*

53. The initial recommendation specifically related to the Inverness community partnership and the outstanding four locality plans. Since our 2020 recommendation and following Covid-19, the CPP board has reviewed its approach to locality planning. A revised approach was agreed in November 2021 – to take a whole area approach (e.g. one locality plan for each partnership area). The aim of merging the four plans into one is to have a more manageable and deliverable process and provide focus for the partnership and the community.

54. The single Inverness locality plans was completed in May 2023 and addresses the original Best Value recommendation. This streamlines and simplifies the process with the focus on a single geographic region and community areas of interest.

55. In addition, a partnership development team started work in June 2023 to support the community partnership in driving forward improvement. The team consists of one development manager and three partnership officers. Their focus is to ensure momentum and delivery of local plans and actions at the local level. It is envisaged that this process will support a shared learning approach and develop consistent approaches to be shared across the Highlands.

56. A report to the CPP board in September 2023 notes the work of the development team over the first three months of operation has focused on understanding the requirements of the different local community partnerships. Work also included creating the new CPP branding, launching the new CPP website, delivering the first community partnerships event, and researching the current CPP structure. This has assisted in identifying areas for improvement and focus for the team over the coming 6 - 12 months. A workplan for year one has been prepared and includes identified measures for success. The workplan was considered at the CPP board in September 2023.

57. We are satisfied the original BVAR recommendation has been actioned.

Reducing inequalities and tackling climate change

58. Council priorities are expected to reflect the Best Value expectations that all activity should contribute to tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens, alongside a focus on sustainable development, including climate change.

59. The Accounts Commission's report highlights that changing demographics, the pandemic and the cost-of-living crisis have increased pressure on council services and people already experiencing inequality are most affected. As councils take steps to radically change how they deliver services, the needs of the most vulnerable or people living in poverty must be at the centre.

60. "Our Future Highland" is this council's five year programme which sets out its vision and key strategic priorities including commitments to reducing inequalities, provide sustainable housing, climate change and securing benefits from renewables.

Promoting fairness is the first priority in the council Corporate Plan and is central to its community planning partners vision

61. 'Creating a fair and caring Highland' is the first priority of the council and poverty reduction is a core outcome in the HOIP. The HOIP vision is to 'work together to reduce inequality in Highland' and a cross-cutting theme is equality of opportunity and inclusion. As the HOIP is a 10 year plan the impact of the pandemic and cost of living crisis are not reflected in the current plan. However individual delivery group action plans have been updated to reflect the impact of the pandemic and the cost of living.

62. Work has begun on updating the current HOIP. We noted that the CPP website has recently been updated and refers to a review of the HOIP to reflect the impact of Covid-19 and the cost of living crisis.

Recommendation 4

The council and its community planning partners should review the HOIP more regularly to ensure priorities remain relevant up to date.

The council are working on the Covid-19 recovery and renewal plans to support those most affected and address inequalities

63. In response to the Covid-19 pandemic, the council established a Recovery Board (subsequently Recovery, Improvement and Transformation Board). Initially this was to offer strategic oversight of the delivery of the council's recovery plan, before assuming responsibility for the coordination of all elements of the recovery activity with transformation activity and financial planning. As the council has moved into recovery the board has now been disbanded and services return focus on operational performance and supporting those most affected by the pandemic.

64. With Covid-19 recovery now well underway there is an increased focus on equalities. The council's executive leadership team recognises it has a collective responsibility to deliver against its equality duties. A cross-service officer group, the Fairer Highland Group, is chaired by the head of community support, contact and engagement who oversees and monitors equality work across the council.

65. The council encourage services to undertake equality impact assessments as part service planning. Planning guidance states new, reviewed or revised service plans, policies, practices and decisions should be considered for impacts on communities at an early stage along with a strategic environmental assessment. The guidance states that these will be published on the council website but only a limited number are currently available. The council is currently running a project to look at an integrated impact assessment process. This includes looking at systems which enables the information to be held in the same place to provide a comprehensive record of all assessments undertaken.

Recommendation 5

The council should implement Equality Impact and Fairer Scotland Assessments consistently at the planning stage to ensure no person or community is disadvantaged. Plans and assessments should be available on the website per the planning guidance and to also demonstrate transparency.

The council are in the early stages of implementing an action plan aimed at tackling inequality, poverty and addressing fairness issues identified in local communities

66. The council are working towards taking a more strategic approach to tackling poverty by developing action plans to focus activities and address fairness issues identified in those local communities. Work is ongoing in this area and the council have already outlined several short term initiatives. The council launched a £0.45 million cost of living fund in September 2022 to support community organisations with increased costs over the winter months. By February 2023 97% of the fund had been allocated to projects such as:

- Uig Kindness Cabin received £7,080 to increase supplies to their existing food larder.
- 1st Avoch Sea Scouts received £9,450 to extend the opening hours and provide lunch and snacks to those in need in the community.
- Aultbea Community Council received £5,650 to provide hot meals and support the community larder.

67. The council work with local partners on equalities and in 2021 the council, Highland Education Authority and Highland Licensing Board agreed nine equality outcomes for 2021-2025. They considered data from local and national organisations along with feedback from local equality groups to develop the outcomes. Two actions are assigned to each outcome for the appropriate service area.

68. Under the Equality Act 2010 a progress report must be published every two years and the outcomes should be reviewed every four years. In May 2023, a new outcome was proposed to reflect the duties relating to children's rights as outlined in the United Nation Convention of the Rights of the Child (UNHCR). The outcome included raising awareness for staff and members on implementing a rights based approach across all council services. Additionally, the Highland UNCRC equalities forum was re-established by the education and learning service.

Environmental sustainability is a priority for the council and a number of initiatives are in place to become a carbon neutral Inverness and a low carbon Highlands by 2025

69. Around two-thirds of councils have formally declared a climate emergency and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than Covid'. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

70. The council is committed to a carbon neutral Inverness and a low carbon Highlands by 2025 through its Carbon CLEVER initiative now superseded by the Net Zero Strategy. A net zero strategy was approved in June 2023 and the council is working in partnership with communities, businesses, land managers and public sector build a climate ready Highland through its Highland Adapts initiative.

71. Priority four in the Corporate Plan and in the Administration's Programme is to create 'a sustainable Highland environment and global centre for renewable energy.' Officers and members recognise the urgency of making changes and the financial and environmental opportunities that can be harnessed through renewable energy in the Highlands. Additionally, in 2022 the climate change working group increased in significance by being made into a committee and climate change has been identified as a risk on the corporate risk register.

72. The Inverness and Cromarty Firth Green Freeport, jointly announced by the Scottish Government and UK Prime Minister in January 2023, will make a significant contribution towards meeting the local and national transition to net zero, create high quality, long-lasting employment in a green economy, regenerate and strengthen communities across the region and reverse demographic challenges.

73. The Green Freeport will help to address climate change and deliver a number of core policy objectives by adopting high environmental standards and through attracting investment in green industries, creating green jobs and reducing greenhouse gas emissions.

Alignment of delivery plans

Appropriate plans are in place and aligned to the council's priorities

74. Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

Financial Plans: The council has effectively aligned its budget to its new priorities

75. The budget strategy is clearly linked to the council's Programme, 'Our Future Highland' and the Corporate Plan. The budget strategy explains how the council will address the current financial pressures whilst also delivering investments to ensure the council can deliver on the priorities set out in the council programme.

76. The Corporate Plan is referred to throughout the budget strategy and the design of the strategy is consistent with the council programme. The budget strategy sets out an approach to:

- Addressing the challenges faced.
- Ensuring investment in priority activities is maintained.
- Identifying areas where savings will be taken.
- Reviewing reserves to see how these can be used in the short-term.

77. The council set a balanced budget for 2022/23 by increasing council tax, agreeing savings of £11 million and a transfer from reserves. The budget saving proposals for 2023/24 were set out in the budget strategy to reduce the budget gap for 2023/24. In addition, officers are exploring the use of data analysis to support budget holders with real time monitoring of the council's financial performance.

Medium to long term plans

78. In March 2023 the council had a medium term financial outlook to 2027/28 which identified the estimated budget gap for each financial year. It estimated a gap of £77.7 million over the period 2024/25 to 2027/28. The budget is underpinned by a number of assumptions about future costs and available funding and savings have not been identified beyond 2023/24. The outlook uses a figure of £20 million for savings for the remaining four years as this *"reflects the top level of savings normally deliverable annually"*.

79. In September 2023, the budget was revisited and updated as part of the mid-year budget review. This resulted in significant changes especially to the capital investment programme. The paper set out challenges and solutions for the medium to longer term which officers are addressing.

80. Councillors are aware that there are challenging and uncertain times ahead for medium to longer term financial planning. It is recognised by councillors that a short term solution is to utilise more reserves to close the funding gaps but this is not sustainable in the medium to longer term and would have implications around the council's ability to maintain reserves in line with the approved strategy. The council has currently identified £22 million in recurring savings but more needs to be found. The need to find more savings and having robust longer term financial plans is a challenge across all local authorities and not particular to the council.

Workforce plans are in place to deliver the services in line with council priorities

Workforce plans

81. In October 2022 the council approved its five year People Strategy 2022-2027 which outlined the direction and framework for the organisation. The People Strategy covers eight key staff elements: staff engagement; health, safety and wellbeing; reward and conditions (including job design); talent management; people development; people data and processes; workforce planning; equality, diversity and inclusion. Each of the elements of the People Strategy will have an action plan supporting the work which will be monitored, reviewed annually and reported on.

82. The Workforce Strategy is a key strand of the people strategy and is currently being developed. Training and development will underpin the cultural change for the organisation and will cover new ways of working, a hybrid work model and office / asset rationalisation. The Redesign Board's focus on workforce planning, including improvements in workforce data and growing our own talent will play an essential part in this too.

83. The People Strategy must be aligned to the Financial Strategy and take cognisance of The Financial Crisis – Our Council and Our Community paper submitted to the council in October 2022. This paper explains the financial position facing the council and the need to update the staffing structure to meet the needs of changing communities and meet projected budget pressures.

84. The council is working with trade unions, employees and managers to reduce vacancies and avoid redundancies by transitioning staff within and between services, including secondments. Where possible the council are trying to avoid external recruitment they are working towards having a digitally skilled workforce and keen to develop their staff's core transferrable skills.

85. Audit Scotland's 2023/24 Best Value thematic review will focus on 'workforce innovation' and we will review and report specifically on this area as part of our 2023/24 annual audit.

The Digital strategy 2022 recognises digital needs are to become integral to service and there are plans in place to address digital exclusion

86. The Digital Strategy was informed by best practice including a Digital Maturity Assessment by the Digital Office for Scottish Local Government. This required input from the council's Executive and Senior Leadership Team. It also included staff and elected members surveys to assess current levels of digital skills as well as benchmarking and learning from other public sector bodies.

87. Audit Scotland set out six key characteristics of a digital council in 2021, and the National Digital Strategy for Scotland (A Changing Nation: How Scotland will thrive in a digital world) reflects these characteristics. The council took cognisance of these good practice documents when developing its Digital Strategy.

88. The council's Digital Strategy must be one that everyone understands and can easily be part of as inclusivity and collaboration are essential to its successful implementation. The Digital Strategy has been developed in line with the strategic context and outlines clearly how it fits in with the council approach and how it will be delivered.

89. We noted from a March 2022 performance report that the council announced the completion of a four-year project delivering a gigabit speed fibre optic broadband network to connect 152 public sector sites across Inverness, Fort William, Thurso and Wick. This multi-million-pound full fibre broadband investment into digital infrastructure in the Highland was the result of a multi-agency partnership between the council, UK Government, Capita, CityFibre and other partners.

90. Further investments and next steps are being prepared, including future benefit from the UK Government's £5 billion Project Gigabit funding, to support the roll-out of broadband to the 'hardest to reach' premises in the country that will not be reached by private investment. The council is also examining where the digital infrastructure funding provided by the Inverness and Highland City Region Deal might improve coverage even further. Work is ongoing in this area and we will continue to monitor it over our audit appointment.

Leadership

91. Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities and citizens to improve outcomes is more important than ever.

92. Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

93. Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed council priorities and work together to achieve them.

We have observed good, collaborative working between members and officers towards the achievement of the council's priorities

94. The council has a large number of members and varied political make-up. After the May 2022 election a joint Administration was formed between the Scottish National Party (SNP) and the Highland Independent Group. There was a high turnover of elected members across all political parties. It has taken time for new members to understand all aspects of their role, but now members can be seen asking questions, scrutinising and seeking assurance on council decisions. A number of senior members from the previous Administration are now in the opposition this has resulted in an informed opposition and increased scrutiny.

95. 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. In addition, CIPFA delivered essential training to members of the Audit and 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.

96. An all-member workshop was held in February 2023 to consider the draft corporate plan. Feedback from this session was reflected in the published corporate plan including updated performance targets. A realistic approach was taken when developing the corporate plan as the financial challenges and the

cost of living crisis impacted some options and these have been considered and taken into account.

97. The Highlands covers a large geographical area and diverse population. This creates particular challenges for the council in ensuring prioritisation of resources to meet the needs of its residents. While measurable progress and improvement has been made in recent years, it is important that the council maintains the pace of progress as it looks to support the regions recovery from the Covid-19 pandemic. In particular, the council needs to ensure it has appropriate engagement with community groups, including community planning arrangements.

98. An internal audit looking into the effective functioning of council area committees during 2021-2022 provided reasonable assurance but advised there is scope for improvement. One risk highlighted related to the operation of small Area Committees including inability to achieve quorum and make decisions as a result of members declaring conflicts of interest requiring them to leave meetings.

99. The council had planned to undertake an evaluation of the effects of the 2019 governance review in the first six months of 2020, but this was postponed due to the pandemic. In June 2023, the council agreed to carry out the review and report the findings in October 2023.

Members and officers demonstrate mutual respect, trust, honesty and openness and appropriate behaviours

100. From our observation at the Audit and Scrutiny Committee and council meetings, members were respectful, open and honest and demonstrated appropriate behaviour. Officers are also engaged with members, respond appropriately to queries and offer to share further information to aid member understanding and context. An example of this was prior to the budget setting meeting where officers met with members to share information before the meeting.

There has been high turnover of senior officers since the last BVAR in 2020

101. There has been a high turnover of senior officers in recent years and currently there are a number of senior posts filled on an interim basis. A new Chief Executive was appointed on 22 June 2023 and took up post on 4 September 2023 and has previous local government experience.

102. The Interim Chief Executive since February 2023 had been acting up from Deputy Chief Executive/Executive Chief Officer Performance and Governance position. The previous Chief Executive held the post from September 2018 to February 2023.

103. Major changes to the council's organisational structure were implemented during this time. New posts were created in the leadership structure to increase senior officer engagement at a local level. The eight executive chief officers

have a range of corporate responsibilities alongside their service function, and each are linked to a specific geographical area.

104. The recent appointment of a permanent chief executive presents an opportunity to now progress some matters that were put on hold and the council can now increase the pace of change.

105. The Section 95 Officer left in March 2023 and the role is being filled on an interim basis by an experienced and long serving staff member until an Executive Chief Officer Resources and Finance is appointed. The post has been vacant since July 2022 and recruitment has been ongoing for over a year with little success. It is important that the council can attract and retain high quality staff.

Follow up of 2020 BVAR recommendations

106. The 2020 BVAR recommended that: *“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.”*

107. As noted above, the changes in senior management have meant that this recommendation remains ongoing however the recent appointment of a permanent chief executive now presents an opportunity to progress these matters and increase the pace of change. We will monitor this over the audit appointment.

108. The 2020 BVAR found: *“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.”*

109. Work to implement a corporate approach to self-assessment is underway with support from the Improvement Service. A pilot assessment was undertaken between January and March 2022 with the Customer Resolution and Improvement Team in Communities and Place. The council need to increase the pace of the roll out so that best value is achieved across the local authority. We will continue to monitor the progress of this over the audit appointment.

Appendix 1: Improvement Action plan

Issue/risk	Recommendation	Agreed management action / timing
<p>1. Corporate Plan 2022-27 some targets still to be set</p> <p>There are a number of measures / actions in the latest corporate plan where targets have not yet been set. Without set targets, data will not be defined, captured or measured in a meaningful or impactful way.</p>	<p>The council should review and set the outstanding targets in the Corporate Plan in order to track performance and outcomes in a meaningful way (refer paragraph 18).</p>	<p>Management action: 14 of these have now been set and 3 have been removed (1 duplicate and 2 where no useful data is available). For the remaining 5 these will be addressed when the Programme is recalibrated (see 2 below).</p> <p>Responsible officer: Strategic Lead (Corporate Audit & Performance)</p> <p>Action by: end June 2024</p>
<p>2. Partnership working</p> <p>Progress on improving overall partnership working has been slow since it was first recommended in 2020.</p>	<p>The council should ensure there is a greater alignment and explicit linkages between the Corporate Plan and the Highland Outcome Improvement Plan 2017-2027 with regards to the CPP (refer paragraphs 28).</p>	<p>Management action: The CPP Board has agreed to review the HOIP to ensure it aligns with the strategic priorities of partner organisations and reflects some of the significant challenges facing the Highland area. This includes the financial challenges facing public funding. A report to Council on 14/12/23 outlined the need to recalibrate the Council Programme to reflect the financial challenges being faced. All plans including the Corporate Plan and refreshed HOIP (see 4 below) will be amended to align with this.</p> <p>Responsible officer: Head of Community Support, Contact and Engagement with the Strategic Lead (Corporate Audit & Performance)</p>

Issue/risk	Recommendation	Agreed management action / timing
<p>3. Views of citizens and communities reflected in the priorities and decisions taken by the council</p> <p>The council priorities and investment decisions capture the key concerns of citizens. The Corporate Plan and the Health and Prosperity Budget Strategy for Highland reflect the results found in the annual performance and attitudes survey. However citizens did not feel like they have much influence over decision-making and there was little awareness of the council's approach to community based funding for projects.</p> <p>It will be important that the council listen to the views of citizens from this survey and communicate the actions they take as a result.</p>	<p>The council should increase awareness of its approach to participatory budgeting more widely so that citizens can be more involved in community decision-making (refer paragraph 42).</p>	<p>Action by: end June 2024</p> <p>Management action: The ongoing review of Area Committees will consider the opportunities to strengthen the Council's approach to participatory resourcing, including the involvement of local communities.</p> <p>Responsible officer: Head of Community Support, Contact and Engagement with Interim ECO for Performance & Governance</p> <p>Action by: end June 2024</p>
<p>4. Highland Outcomes Improvement Plan to be updated</p> <p>The 2017-2027 HOIP vision is to 'work together to reduce inequality in Highland' and a cross-cutting theme is equality of opportunity and inclusion. The impact of the pandemic and cost of living crisis are not reflected in the current plan.</p>	<p>The council and partners should ensure that the HOIP is subject to review on a regular basis to ensure priorities remain relevant and up to date (refer paragraph 61).</p>	<p>Management action: This has been recognised and a review was agreed by the CPP Board in September. A report on "Resetting the HOIP" was considered by Council on 14/12/23 which outlines the progress so far. It is intended that a revised HOIP will be considered by the CPP Board on 01/03/24 and then submitted for approval by Council on 14/03/24.</p> <p>Responsible officer: Head of Community Support, Contact and Engagement</p>

Issue/risk	Recommendation	Agreed management action / timing
<p>5. Equality impact assessments</p> <p>The council encourage services to undertake equality impact assessments as part service planning. Planning guidance states new, reviewed or revised service plans, policies, practices and decisions should be considered for impacts on communities at an early stage along with a strategic environmental assessment.</p> <p>At the time of the audit, only a limited number of these assessment were available on the council's website.</p>	<p>The council should implement Impact Equality Assessments consistently at the planning stage to ensure no person or community is disadvantaged.</p> <p>Plans and assessments should be available on the website per the planning guidance and to also demonstrate transparency (refer paragraph 63).</p>	<p>Action by: end March 2023</p> <p>In Progress</p> <p>Management action: The council has been progressing a project to refresh its approach to impact assessment.</p> <p>The purpose of this project is to:</p> <ul style="list-style-type: none"> • Identify improvements to the council's impact assessment process(es) • Increase staff and member awareness of the need to undertake impact assessments • Include development of training on carrying out different types of impact assessments and on use of the toolkit <p>Work to date has identified that an integrated impact assessment tool will be developed. This will incorporate the different types of impact assessment required, including equality and socio-economic impact.</p> <p>The tool to capture assessments will provide a means to record, track and audit impact assessments across the organisation. The benefits to this approach include providing a 'hub' for impact assessments with guidance and prompts incorporated and associated training – both on the tool and specific impact assessment requirements – and providing a co-ordinated approach to</p>

Issue/risk	Recommendation	Agreed management action / timing
		<p>assessing impacts, for example making it easier to identify areas of overlap, such as evidence gathering and engagement. This commenced in April 2023.</p> <p>Responsible officer: Head of Community Support, Contact and Engagement</p> <p>Revised date: Implementation by end June 2024</p>

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