

APPENDIX 1

Annual Performance Report 2018/19

26 September 2019

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Foreword

Welcome to Aberdeenshire Council's Annual Performance Report for 2018/19. In November 2017 Aberdeenshire Council adopted the Council Plan 2017-2022 which sets out the core objectives for the Council and the priority outcomes to be delivered during the life of the plan. This is the first Annual Performance Report for the Council Plan 2017-2022.

A high level analysis of Aberdeenshire undertaken in March 2018 (full report can be viewed [here](#)) illustrates that Aberdeenshire residents generally experience better outcomes than those living elsewhere in Scotland. We are part of one of the most prosperous regions in one of the most prosperous countries in the world, and therefore enjoy many benefits. Relative to Scotland as a whole, Aberdeenshire residents are, on average, more likely to be employed and economically active; earn higher salaries; contribute more in terms of Gross Value Added per capita; possess greater qualifications; live longer, healthier lives; and experience fewer instances of crime and related disorder.

Despite challenges in the last 2 or 3 years, the North East of Scotland remains one of the most active economies in the UK. The region recognises its strengths but also acknowledges its vulnerability and the continuing need for action and investment to secure future prosperity and employment. Part of that prosperity will be strengthened with improved transport links. The options for the A96 dual carriageway are actively under discussion with Aberdeenshire Council supporting Transport Scotland as a consultee and we maintain a strategic preference for route options to the north east of Inverurie and reiterated to Transport Scotland the importance of further, proactive and meaningful engagement with officers, councillors, communities and other interested parties albeit a final decision on the route will be taken by Transport Scotland and Scottish Ministers.

As part of the preparation of the next Aberdeenshire Local Development Plan (LDP), effectively a planning blueprint for the future of the area, Planning Services went out for public consultation on the Main Issues Report (MIR) for the LDP, which sets out the policies that will be used for assessing planning applications and identifies development opportunities across Aberdeenshire. The MIR is a key document which facilitates community engagement in the development of the LDP, outlining the main changes which officers suggest should be made following on from the preceding plan. It is designed to create debate and discussion and in future councillors will be asked to consider all comments received during the consultation exercise and to make decisions taking all the comments received into account. The MIR consultation began in January 2019 and ran for three months.

This annual performance report aims to provide a balanced overview that evidences progress towards delivery of our core outcomes and priorities. I hope it fulfils that aim and enables an understanding of the diverse range of activity and service delivery underway to help Aberdeenshire be the best area with the best council.

Jim Savege, Chief Executive



Introduction

The council has a strong commitment to being a high performing council with a culture of performance improvement inherent in everything we do. In recent years the council has invested in learning and development to support managers and staff with performance improvement.

A performance management system, Pentana, enables teams to see at a glance how they are doing and also allows reports to be produced for scrutiny by councillors.

Council Priorities identified in the Council Plan 2017-22 are reported here in 2018/19 for the first time. Our priorities are:

1. Support a strong, sustainable, diverse and successful economy
2. Have the best possible transport and digital links across our communities
3. Provide the best life chances for all our children and young people by raising levels of attainment and achievement
4. Work with parents and carers to support children through every stage of their development
5. Encourage active lifestyles and promote well-being with a focus on obesity & mental health
6. Have the right mix of housing across all of Aberdeenshire
7. Support the delivery of the Health & Social Care Strategic Plan
8. Work to reduce poverty and inequalities within our communities
9. Deliver responsible, long-term financial planning
10. Have the right people, in the right place, doing the right thing, at the right time
11. Protect our special environment, including tackling climate change by reducing greenhouse gas emissions

Aberdeenshire Performs is the council's performance improvement framework. Beginning with Priority Outcome delivery planning, through reporting and monitoring performance, then taking account of external scrutiny, self-assessment and resident and service user feedback we identify improvement activity that enables us to continually improve what we do.

Our most recent external assessment confirmed that: *"The council is consolidating its performance management arrangements, and has improved its approach to monitoring and reporting performance. Elected members now have a stronger focus in scrutinising the council's performance."*

This performance report uses a range of evidence to explain how we are doing in delivering the priority outcomes identified in the Council Plan 2017-2022. In 2018/19 we progressed the implementation of the new Council Plan and Priorities for 2017-2022.

If you would like to explore our performance more fully you can access the detailed information that was used to compile this report

- [Quarterly performance monitoring](#)
- [How Good Is Our Council Evaluation](#)
- [Reputation Tracker](#)
- [Local Scrutiny Plan](#)
- [Audit of Best Value](#)
- [Annual Audit Report](#)
- [Local Performance Indicators](#)
- [Statutory Performance Indicators \(Local Government Benchmarking Framework\)](#)
- [Service Plans](#)
- [Council Plan 2017-2022](#)
- [Complaints Monitoring](#)

The Public Performance Reporting Calendar at the end of this report also contains links to performance information that will be published through 2019/20.

We would welcome your comments on our performance or any feedback about this report. Or if you would simply like further information then please contact us via email: performance@aberdeenshire.gov.uk or contact our Strategic Policy Lead (Performance) by phone: 01467 539735

A Day in the Life...

We have a responsibility to provide hundreds of services to the residents and communities of Aberdeenshire. This short [animation](#) explains more about what we do – but on any given day we:

- Spend £2m delivering services across Aberdeenshire
- 0.7 new Affordable Homes developed
- Treat 1,674 kilometres of road against ice and snow (November-April)
- 10 planning applications
- 3.6 business start-ups assisted by the Business Gateway
- £326,191 spend on delivering capital projects
- 1,260 kilometres swum in leisure centres
- 684 museum visits
- 7 Complaints received
- 32,700 people follow us on Twitter
- 595 calls answered and resolved at first point of contact
- Register 23 birth, deaths, partnerships/marriages and British Citizenships ceremonies
- Recycle 55 tonnes household waste
- Collect £536,746 council tax income
- 35,649 pupils attend 151 primary schools 17 academies and 4 special schools

(Based on an average working day)

Successes

There have been a significant number of successes for the council in the last year. Highlights include:

- Aberdeenshire Council's new Director of Education and Children's Services Laurence Findlay took up his new post in July 2018. Ambitions in the post include building on the council's work in raising levels of attainment and achievement, as well as assisting with fundamental Council Plan priorities such as providing the best life chances for children across Aberdeenshire. Working in partnership across the Northern Alliance and with other partner agencies are also key priorities, as real partnership working is cornerstone of delivering improved outcomes for communities across Aberdeenshire.
- Aberdeenshire's 6,000 senior pupils celebrated their success in a year that has seen attainment levels improve locally for those in S4, S5 and S6. A total of 88 young people in Aberdeenshire achieved five straight A passes at Higher level, while 100 pupils achieved between three and six Advanced Higher awards. An analysis of this year's exam results highlights improvements across all key measures in S4, S5 and S6 as follows:
 - Percentage achieving 5+ awards at SCQF Level 5 by S4 pupils has increased from 53.4% to 54.1%
 - Percentage achieving 3+ awards at SCQF Level 6 by S5 pupils has increased from 40.3% to 44.2%
 - Percentage achieving 5+ awards at SCQF level 6 by S6 pupils has increased from 35.7% to 37.4%
- PeterDeen is an innovative programme of work led by Aberdeenshire Council and delivered in partnership with Aberdeen FC Community Trust to offer alternative educational opportunities to some of the area's young people. There are young people in all of our communities for whom the mainstream model of education simply does not work, and the programme was devised to find a way of keeping them engaged and giving them the best life chances. The clear correlation between school attendance and attainment meant that the outcome of the programme was about increasing attendance at Academy level to provide students with the best life chances. This meant finding a way to change their perception of themselves and the place in which they live and, of course, what they themselves can achieve. It delivers a curriculum through which students are encouraged to celebrate their own achievements and develop as independent, responsible and creative young people with a lifelong interest in learning and self-development. A launch has also taken place to expand this programme into the Fraserburgh Academy catchment.
- The final section of the Aberdeen Western Peripheral Route between Craibstone and Parkhill opened to traffic in February, giving road users access to the entire 36-mile route. Since the major part of the road opened in December 2018, the overwhelmingly positive feedback demonstrated the

positive impact that infrastructure can bring about in people's lives, the quality of their environment and the economy as a whole. Aberdeenshire Council's £75 million investment in this transformational project has resulted in residents and visitors alike benefitting from improved connectivity, reduced journey times and road congestion. The new route presents many opportunities to existing and new businesses.

- 'Live Life Aberdeenshire' launched in January 2019. This is the new name for Aberdeenshire Council's Sports and Cultural Services, now being run as a unique business unit. The ambition is to allow staff working in a range of sporting and cultural facilities the chance to deliver services in a responsive and flexible way. Live Life Aberdeenshire will continue to be governed by Aberdeenshire Council but offers more flexibility for staff to deliver services in a different way, working with externally recruited industry experts to encourage more people to make use of the services within our communities.
- A new inward investment hub for the Aberdeen City Region was officially launched in August 2018. Informed by the Aberdeen Inward Investment Plan, Aberdeen City and Aberdeenshire councils have jointly established '*Invest Aberdeen*' with an aim of growing investment into the region. The region is currently benefiting from a £9billion investment pipeline, including harbour and airport expansions, city centre developments and transport and digital improvements, creating significant investment opportunities and further bolstering the region's strong business credentials. The Invest Aberdeen team offers a one-stop-shop for exploring business opportunities in the region. From identifying property to recruitment and finance solutions to business and planning support, the team is in place to deliver a tailored service to meet investor criteria.
- A renowned royal landmark once feared to have disappeared forever officially reopened to the public in August 2018. Out of the ashes of the 2015 fire there soon came plans to rebuild the old Ballater Station, with Aberdeenshire Council leading a project to see it fully restored. The station houses a VisitScotland information centre, a restaurant and tearoom run by The Prince's Foundation and a public library, as well as the Royal waiting room and carriage.
- Environmental charity Keep Scotland Beautiful announced that eight beaches in Aberdeenshire have received Scottish Beach Awards in 2018, recognising the high standards provided to users - from keeping sand litter free to providing excellent information and accessible amenities. The Aberdeenshire winning beaches include: Balmedie, Cruden Bay, Inverboyndie and Peterhead Lido. Meanwhile both Aden and Haddo Country Parks maintained their Green Flag status earlier this year.
- A lot has happened in the first six months since Fraserburgh Enterprise Hub started working in the area. Funded by LEADER and Aberdeenshire Council (Regeneration), offering access to free professional business advice, training and workshops, informative events, hot-desking and networking opportunities.

The main purpose is to support the regeneration of Fraserburgh and its surrounding area (up to 15-mile radius) by helping people overcome barriers which come with starting or growing a business.

Challenges & Opportunities

- The North East of Scotland is among the most prosperous regions in the UK. Despite recent economic impediments, the long-term growth trend will likely continue over the forthcoming decade.
- The challenge for Aberdeenshire Council is to both support and develop traditional industries whilst encouraging innovation and diversification into new areas and to continue to make the region a more attractive proposition for visitors and investors, as well as current and prospective residents. This entails, among other things, continuing to improve infrastructure (digital, transport and housing), and ensuring future skills requirements are met in an age of increasing automation.
- Many parts of Aberdeenshire are classed as rural and as such, although their population density is less than the main towns, good connectivity is essential. The Scottish Government has committed to developing and delivering world class digital infrastructure across Scotland by 2020. Current coverage is inadequate and digital providers appear reluctant to invest in the necessary infrastructure. Reliable digital infrastructure development in the North East will only be delivered through committed and coordinated partnership between public and private sector partnerships.
- Over-capacity issues will continue to affect several schools throughout Aberdeenshire over the next few years. Several promising initiatives/projects are underway to negate these developments, such as the community campuses at Peterhead (in plan) and Inverurie (due to open in 2020).
- Large scale changes to the childcare system in Scotland, namely the plan to almost double the level of childcare by 2020, while generally welcome, poses significant risks due to the scale of the challenges in finding a new workforce and ensuring facilities are appropriate and fit for purpose within the timeframe provided. Principles of the expansion centre on high-quality, accessible, affordable and flexible Early Learning and Childcare provision. Consistent, flexible service provision may prove challenging in remote and/or small communities, and in some cases will be more expensive to deliver.
- There are health inequalities in Aberdeenshire, which, if left unchallenged, will present the NHS, Health & Social Care Partnership and the Council with significant challenges in future.
- Early intervention to tackle mental health issues earlier can be more cost effective in the long term. The support for people with mental health problems

will need to come from a variety of sources – council, health services and youth justice.

- In 2010 it was suggested that 40% of the Scottish population could be classed as obese by 2030. Campaigns to get the population to be more active have not been very successful. This suggests that health improvement activities to reduce obesity need to be more targeted.
- Housing has an important influence on poverty and health inequalities in Scotland.
- As Health and Social Care integration evolves with fully established partnerships, opportunities should emerge to enhance joint planning and delivery between Housing and the Partnership.
- The roll out of Universal Credit (Social Security Reforms) will have an impact on both revenue and service users.
- Most affordable housing in Aberdeenshire is provided through section 75 agreements with developers and any slowing of the build-out rate may make affordable housing targets difficult to deliver.
- There is a need to reduce costs associated with delivering health and social care in Aberdeenshire. Increasing population and changes in household composition, workforce supply and the availability of financial resources will require transformation of Services. This will include delivering services digitally however the digital network is not currently capable of delivering the speed and reliability required.
- Working in partnership Aberdeenshire Health and Social Care Partnership and the council are committed to raising the profile and importance of health and wellbeing. This can be in their own workplaces, communities and schools encouraging pupils and staff to overcome existing behaviours and choose healthier behaviours.
- Aberdeenshire Council's Housing Service is facing the same demographic challenges as above. They both have the same shared objective of increasing resilience and empowerment within the community
- Aberdeenshire is often thought of as a region without poverty. Indeed, it includes two parliamentary constituencies with the lowest levels of child poverty in Scotland and the UK. However, there are pockets of poverty in Aberdeenshire leading to inequality for some people.
- Experiencing or growing up in poverty affects people's lifelong decision-making style. People living in poverty make decisions based on coping with present stressful circumstances often at the expense of future goals. This

means that people may not reach their true potential and never climb out of poverty.

- Councils in Scotland received a further real-terms reduction in their funding from the Scottish Government in 2018/19, reflecting the overall trend and direction of travel. This is against the backdrop of increasing cost pressures, and, in the context of Aberdeenshire, a relatively low Settlement Grant per head of population. The greatest stress on future budgets (besides real terms reductions) will likely come from demographic changes.
- Aberdeenshire Council has made significant commitments to 'decarbonise', that is, to reduce CO₂ emissions. The Council was the first in Scotland to develop and approve a Carbon Budget process. Making the link to financial savings has and will continue to be key.

Delivering Our Priorities

The Council Plan 2017-2022 identified eleven core Priorities and Outcomes for the council:



These core outcomes can broadly be aligned to the Policy Committees that support and govern relevant workstreams across the council with each Priority being led by the relevant service Directorate.

How Did We Do In 2018/19?

The performance scorecard is based on an analysis of performance measures reported regularly as part of Service Plans. A more detailed analysis of performance is available at the end of this report.

Performance Scorecard:

	Council Plan 2017-2022
	Support a strong, sustainable, diverse and successful economy
	Have the best possible transport and digital links across our communities
	Provide the best life chances for all our children and young people by raising levels of attainment and achievement
	Work with parents and carers to support children through every stage of their development
	Encourage active lifestyles and promote well-being with a focus on obesity & mental health
	Have the right mix of housing across all of Aberdeenshire
	Support the delivery of the Health & Social Care Strategic Plan
	Work to reduce poverty and inequalities within our communities
	Deliver responsible, long-term financial planning
	Have the right people, in the right place, doing the right thing, at the right time
	Protect our special environment, including tackling climate change by reducing greenhouse gas emissions

Performance Trends:

Key:			
	At least 50% of measures in this outcome are significantly below target (red)		Performance Improving
	At least 25% of measures in this outcome are slightly below target (amber)		No Change or New Measure
	The majority of performance measures are on target		Performance Declining
	Data only – no target has been set		New measure/baseline line year of introduction

Council Priority	Number of Indicators reported in 2017/18								Number of Indicators reported in 2018/19							
	Status				Long Trend				Status				Long Trend			
																
Priority 01 - Support a strong, sustainable, diverse and successful economy	8	2	0	1	6	4	1	0	9	0	1	1	5	4	2	0
Priority 02 - Have the best possible transport and digital links across our communities	7	0	1	2	4	6	0	0	7	0	1	2	1	9	0	0
Priority 03 - Provide the best life chances for all our children and young people by raising levels of attainment and achievement	2	1	1	0	3	1	0	0	5	0	1	0	3	1	0	2
Priority 04 - Work with parents and carers to support children through every stage of their development	3	0	0	0	1	0	0	2	2	1	0	0	0	3	0	0
Priority 05 - Encourage active lifestyles and promote well-being with a focus on obesity and mental health	3	0	0	0	3	0	0	0	7	0	0	0	3	0	0	4
Priority 06 - Have the right mix of housing across all of Aberdeenshire	8	2	6	0	9	5	0	4	15	0	6	1	12	4	0	4
Priority 07 - Support the delivery of the Health and Social Care strategic plan	6	0	0	0	4	2	0	0	6	0	0	0	3	3	0	0
Priority 08 - Work to reduce poverty and inequalities within our communities	3	0	1	0	3	1	0	0	3	0	1	0	3	1	0	0

Priority 09 - Deliver responsible, long-term financial planning	6	0	3	0	3	5	0	0	6	0	3	0	2	6	0	0
Priority 10 - Have the right people, in the right place, doing the right thing, at the right time	10	0	0	0	7	0	0	3	12	2	1	0	3	7	0	5
*3 Indicators are awaiting external validation and will be updated end September Priority 11- Protect our special environment, including tackling climate change by reducing greenhouse gas emissions	0	0	1	4	5	0	0	0	0	0	1	4	6	0	0	0

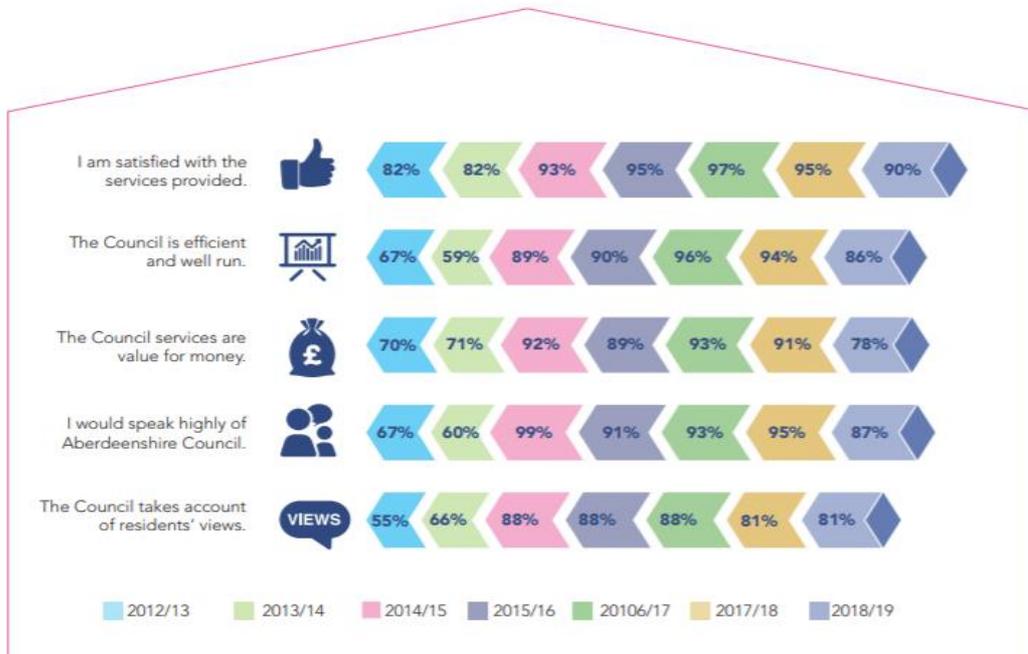
Trends are based on performance as at the end of the reporting period for 2018/19 and compared to an average of performance over the previous three years, where this information is available. Many of the indicators presented within this report are introduced to support the new Council priorities and therefore 2017/18 or 2018/19 data is the baseline and no long term trend comparison can be.

It is important when reviewing the performance of indicators to take into account that these support the relevant Priority overall and should not be viewed in isolation. Where a target has not been met and the status is 'Red', further investigation has identified improvement actions which will be monitored and expected improvements should be seen in the next reporting period.

In the 2017/2022 Council Plan, Priorities have been identified, and are measured on an 'outcome' basis. This takes into account a broad range of performance information, performance indicators being one part of that process. Action plans have been developed for each Priority and the outcomes of those actions, are regularly monitored at each Policy Committee.

What You Told Us

Every month an independent research company asks 150 residents how we are performing as a council. This is what you said in 2018/19:



Residents are also asked to rate their overall satisfaction on key council services throughout the year with the results for January – March 2018 displayed below:

Satisfaction with Services

		SATISFIED 2018/19	SATISFIED 2017/18	SATISFIED 2016/17
Local Schools		93%	97%	91%
Social care or social work services		86%	92%	76%
Libraries		98%	96%	82%
Museums and Galleries		97%	98%	75%
Parks and open places		91%	92%	87%
Leisure facilities		91%	93%	73%
Refuse collection		85%	95%	92%
Street cleansing		86%	89%	79%
The quality of customer services		91%	97%	90%
Roads maintenance		43%	42%	36%
Housing Provision		68%	70%	N/A

Summary of Complaints 2018/19

The council's complaints procedure and the performance indicators adhere to the requirements set out by the Scottish Public-Sector Ombudsman's (SPSO) Model Complaints Handling Procedure. The council aims to resolve complaints quickly and close to where the service is provided:

- Front Line stage (Stage one) complaints could mean immediate action to resolve the problem or complaints which are resolved in no more than five working days.
- Investigation stage (Stage two) deals with two types of complaints: those that have not been resolved at Stage 1 and those that are complex and require detailed investigation.
- After the Council has fully investigated the complaint, and if the customer is still not satisfied with the decision or the way the Council dealt with the complaint, then it can be referred onto the SPSO.

In 2018/19 complaints received were:

Total complaints	1,829
Total resolved at stage one and within timescale	1,230
Total that went to stage 2 and were resolved within timescale	599
Total complaints partially or fully upheld	688
Investigations by Scottish Public-Sector Ombudsman	50

The table below provides the breakdown of complaints by Service Directorate.

Complaints Received by Directorate			
Directorate	2017/2018	2018/2019	Trend
Business Services	215	258	▲
Education & Children's Services	303	389	▲
Health and Social Care	48	70	▲
Infrastructure Services	1250	1112	▼
Total	1816	1829	▲

The council actively uses feedback to implement positive changes to the service they provide to their customers.

An example is set out below and highlights where the council acknowledged a failing and put actions in place to resolve matters to ensure a good outcome for a complainant.

As a result, the Scottish Public Services Ombudsman (SPSO) confirmed that they were satisfied with the Council's response and would not be taking the case any further.

Mr B submitted a complaint to Aberdeenshire Council regarding his dissatisfaction at not being considered for the allocation of a two-bedroom council property. *Mr B* explained that as he was the "fall back care" for his children a two bedroomed property would best suit the needs of his family. He also explained that he was unhappy with remarks allegedly made by a Housing Officer on his attendance at a local Housing Office that he considered discriminatory against non-nuclear families. At the time of his complaint, *Mr B* was residing in temporary accommodation following a homelessness application but had received an offer of a one-bedroom council property.

In their complaint response Aberdeenshire Council explained that under their Housing Allocation Policy, a second bedroom would only be considered when there was documented evidence that the applicant had children in their care overnight for at least 50% of the year. It was explained that while *Mr B* had evidence from his former partner that he often looked after his children, this did not evidence that it accounted to over 50% of the year. Further, *Mr B* had not highlighted his children as a consideration in

his homelessness application so the offer of a one-bedroom property was considered reasonable and in line with policy. While the Council offered to provide support to Mr B in securing a private lease for a property with a second bedroom, they advised that as they had made an offer of accommodation in line with their policies and reflective of Mr B's application, they would be ending their duty with regard to his homelessness.

Regarding the allegations of inappropriate comments from housing staff, the investigating officer was not able to substantiate Mr B's claim. The Housing Officer in question denied the comments were made and the council response offered an apology for the distress caused to Mr B by his interactions with Housing staff and explained that with no evidence to either prove or disprove his allegations, they could not take further action.

As Mr B was unhappy that the offer of a two bedroom property was not forthcoming and approached the SPSO to consider his case. During the timeframe of the SPSO's enquiries, Mr B met with Housing staff and was advised that should he be able to provide evidence of over 50% overnight care for his children before his notice to quit the temporary accommodation expired, this would be considered when reassessing his entitlement.

Upon receipt of a written confirmation of Mr B's access to his children, Aberdeenshire Council withdrew the notice to quit the temporary accommodation and placed him on the list for 2 bedroom accommodation. Mr B was allocated a suitable property within 3 working days and considered his complaint resolved. The SPSO wrote to the council to advise that they would not take this case further forward given Mr B's satisfaction and the lack of evidence of maladministration or inappropriate comments. They did however highlight a section of Aberdeenshire Council's Housing Allocation Policy for future review.

What Others Told Us

As a council we undertake our own self-assessment each year to understand how we are doing and where we need to improve. Our latest evaluation indicates that overall, we have important strengths with areas for improvement. Our most recent summary self-assessment and evaluation is available [here](#).

However, to ensure the council is delivering Best Value and meeting both statutory requirements and the needs of the residents and communities of Aberdeenshire, it is essential that external, independent organisations scrutinise and inspect what we are doing and recommend actions we need to take to make improvements. Our own self-assessment and evaluation will help inform scrutiny undertaken by external scrutiny bodies.

Shared Risk Assessment

Each year, the Local Area Network of external scrutiny bodies undertakes a shared risk assessment on the council of the challenges likely to be faced by the council in achieving good outcomes for local people. The findings of the assessment are published as the council's Local Scrutiny Plan.

Since the first shared risk assessment was undertaken in 2010, the LAN has consistently recognised Aberdeenshire Council as a low scrutiny risk and, once again, there is no risk-based scrutiny planned for the council during 2018/19. This continued positive assessment reflects the council's own awareness of strengths and areas for improvement. The LAN has highlighted a small number of areas that will form part of the continued oversight and monitoring carried out by scrutiny partners. These areas are:

- **Financial Sustainability:** Financial sustainability continues to be identified as an area of concern. In 2016/17, the council overspent its revenue budget by £1.7 million and the forecast outturn for 2017/18 is an overspend of around £3 million. Whilst these overspends are less than one percent of total revenue expenditure, they begin to highlight the increasing financial pressure being faced by the council. The council continues to develop its Medium-Term Financial Strategy to ensure a structured view of the revenue budget, capital plan and council reserves allowing the council to plan for the full financial impact of decisions taken now on future years' budgets. By taking a longer-term view of its financial position, the council should be better placed in managing the anticipated shortfall. The LAN agreed that there would be ongoing oversight and monitoring through the local audit process of the council's financial position and its plans to address the five-year cumulative shortfall.
- **Education and Children's Services:** In November 2017, Education Scotland reported on community learning and development (CLD) in Aberdeenshire. CLD partners within Aberdeenshire and the geographical area of Peterhead and Mintlaw were inspected. A range of strengths were identified including leadership at all levels, effective and ambitious community organisations existed led by skilled volunteers, and well-planned community services were improving outcomes and promoting a strong sense of 'place'. Some areas for improvement were identified including scope for greater use of performance data and self-evaluation tools to inform further improvement. While there has been strong and stable strategic leadership in Education and Children's Services in Aberdeenshire Council in recent years, there is change ahead with the retiral of the Director of Education from April 2018. Scrutiny outcomes, including inspections, have, in recent years, been mixed in both the primary and secondary sector, and demonstrate scope for improvement.

Outcomes for children and young people are in most cases in line with or lower than the Virtual Comparator but higher than the national average. No additional scrutiny is considered necessary in 2018/19 beyond the general inspection programme and Education Scotland's ongoing engagement.

- **Social Care Services:** The Care Inspectorate, working in partnership with Her Majesty's Inspectorate of Constabulary in Scotland and Healthcare Improvement Scotland, carried out a joint inspection of adult support and protection services in six health and social care partnerships across Scotland, including Aberdeenshire. The partnerships were chosen to reflect the geography and demography of Scotland. The on-site scrutiny phase of the joint inspection took place from late October to early December 2017. Partnerships have been given early feedback on the findings of their joint inspection and the Aberdeenshire report is expected to be published in spring 2018. While no specific additional risks were identified, staff recruitment and retention are an ongoing risk being kept under review by the LAN. As the largest provider of care services in the area, Aberdeenshire Council must consider longer term approaches to planning for recruitment and retention of skilled and qualified care staff and innovation in practice to meet need. Other ongoing service challenges include:
 - delivery of consistent services across a large, mostly rural geographical area
 - ensuring equality of access to services where accessible and affordable transport is not readily available
 - maintaining services with a rapidly growing ageing population

***Annual Audit – Interim Report (2018/19 information will be updated when available at end September 2019)**

Each year the council is audited by Audit Scotland or an external auditor appointed by Audit Scotland. The external audit focuses on whether the council is managing its finances to the highest standards and achieving the best possible value for public money. The audit is reported to Aberdeenshire Council and any action required by the council is monitored by the Audit Committee.

Findings of the most recent audit are summarised below:

Audit Area:

Findings:

Financial Controls	<p>Key financial systems and expected internal financial controls were interrogated by a mix of annual testing, reliance on previous results and assurances from the work of internal audit.</p> <p>System control weaknesses were identified in invoices requiring manual approval. CareFirst reconciliations, part of the accounts payable system, was found to have no reconciliatory interface between debtors' interface file and the General Ledger.</p>
Wider Governance Arrangements	
Arrangements for the Prevention and Detection of Fraud and Error	There is an outstanding recommendation from the 2016/17 (Interim Report) for the council to refresh and relaunch its fraud policy and prepare an annual fraud report. It is understood these will be addressed by September 2018 and considered by the Audit Committee
Standards of Conduct	The council has a range of employee policies and procedures accessible on the intranet. There are policies covering gifts and hospitality and social media but no obvious policy covering the council's arrangements for managing conflicts of interest. There are also no codes of conduct setting out values and standards of behaviour and probity expected from staff. This area should be reviewed, and appropriate safeguards put in place for both the council and its staff.
Whistleblowing Policy	The council refreshed its Whistleblowing Policy in September 2017. However, there is no central record of cases being maintained or reported. Similar findings were made in respect of fraud cases and it is recommended to include whistleblowing activity as part of the recommended annual report to Audit Committee
Compliance with Laws and Regulations	While there are a range of processes in place to ensure the council operates appropriately, there is scope for the Strategic Leadership Team to consider the key regulations it would seek to receive assurances on each year and the format those assurances would take. Once implemented, it is suggested such assurances are obtained at an appropriate stage to inform the production of the council's annual accounts.
Other Matters	

Risk Management Arrangements	<p>Quarterly Risk Management reviews are prepared for the Council's Strategic Leadership Team and made available to Members. The Audit Committee has delegated responsibility to review the adequacy of risk assessment arrangements and procedures. The last report was presented to the Audit Committee in December 2016.</p>
Information Management Strategy	<p>The current Information Management Strategy covers the period 2013-2016. With the implementation of General Data Protection Regulations (GDPR) last month, the planning and training carried out by the council in response to the new regulations should provide useful material when updating the strategy.</p>
Trust Funds	<p>A Charitable Management Plan has been in place for the Aberdeenshire Charitable Trust (known as ACT2) since March 2017. We consider the plan to be an example of good practice as it outlines the roles and duties of the Trustees, the application process for funds and specifies the division of the purposes of the Trusts by ward. We noted however that no such plan exists for the Aberdeenshire Educational Trusts which have total funds of £3.8m available, significantly more than the £0.5m available from ACT2.</p>

The council agreed with the findings of the audit and an action plan is in place to deal with the recommendations.

Managing Our Risks

Aberdeenshire Council operates in an environment where it continually requires balancing expenditure pressures against the need to meet statutory duties and deliver high quality services in the most efficient and effective manner. Failure to pay proper attention to the likelihood and consequences of risks can cause the council serious problems. Service disruption, financial cost, reputational damage, threats to public health and public liability claims are among the most obvious.

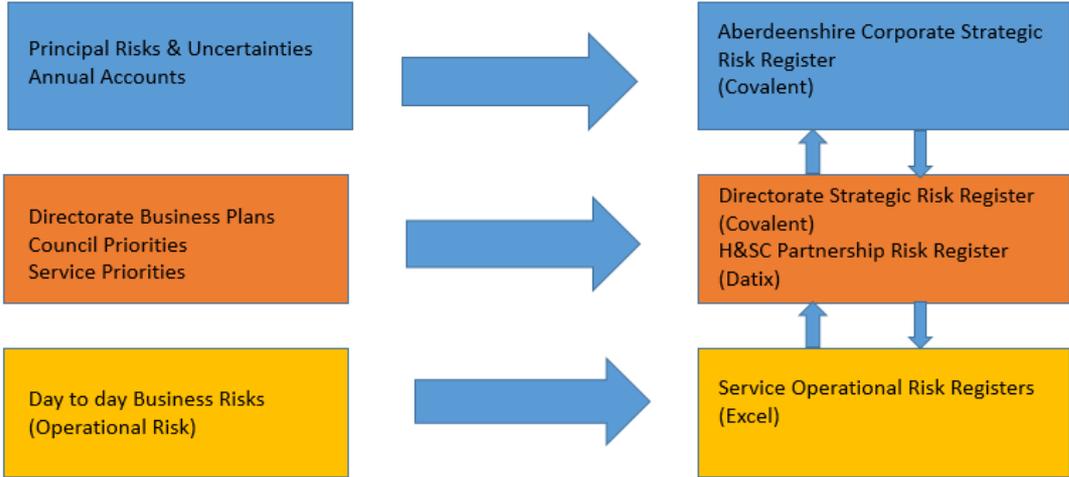
On a day to day basis the council requires to manage risks that impact on its strategic and operational objectives. Effective risk management enables delivery of quality customer focused services in support of the council's vision and priority outcomes.

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is a means of minimising the costs and disruption to the

council caused by undesirable events. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they do occur.

Even when the likelihood of an event occurring (such as a severe storm) cannot be controlled, steps can be taken to minimise the consequences by having effective and robust Emergency Plans and Business Continuity Plans in place.

Senior Managers regular identify and review risks as part of the council's Risk Management Policy and Procedures. The Council's Risk Register hierarchy is currently being reviewed to better align identified risks against Council & Service Priorities and Directorate Business Plans.



The Council has a [Corporate Risk Register](#) and a [Directorate Risk Registers](#) available to view on the website.

In addition, the council's Business Continuity and Emergency Plans are monitored and tested regularly to ensure that in the event of an incident causing severe disruption to the council we can continue to deliver the most critical activities.

Managing Our Finances

Key Facts

- **£1,205 Band D Council Tax (Scottish average = £1,208)**

Over the last three years there have been requirements for Aberdeenshire Council, like other local authorities, to deliver savings within its budget.

Aberdeenshire Council's Medium Term Financial Strategy (MTFS) represents a structured approach to financial planning across Services and sets out a complete view of the Revenue Budget, Capital Plan and Reserves allowing the Council to consider and plan the full financial impact of decisions taken now on next year's budget and an indication of the impact on future years.

In February 2019, following a further single year settlement from the Scottish Government, Aberdeenshire Council set the 2019/20 budget with provisional budgets for 2020/21 – 2023/24. These provisional budgets indicated a potential investment resource available to the Council of some £1 billion per year across revenue budgets, capital plans, Housing Revenue Account, reserves and the Health & Social Care Partnership resources.

The prioritisation and balancing of this resource, aligned to the Council Priorities is the focus of the Medium Term Financial Strategy which will underpin the achievement of the estimated efficiency savings of £60 million over the next three years. The total revenue budget for 2019/20 of £565.602 million will be funded from Government Grants £299.975 million, Business Rates £123.812 and Council Tax £141.815.

To enable an even more outcome focused MTFS based on the policies and priorities of the Council, a deliberate shift has been made in the current budget setting process to a '3 + 2' MTFS. The intention behind this is to recognise that the Scottish Government has undertaken to produce more than single year settlements, so Aberdeenshire will be focusing on preparing a three year balanced budget with a further two indicative years, further reflecting the move to national performance reporting and embedding policy led decision making in the Council.

The preparation of a five-year budget will help ensure the financial stability of the council. Medium and longer-term financial planning is essential, particularly in the current economic climate as the council must review spending priorities, make choices and realign service provision with the priority outcomes. We will continue to identify ways to make the necessary savings by looking at how things can be done differently, and our focus will be maintained on the continued delivery of quality services.

Revenue Funding 2018/19

The funding which makes up the 2018/19 budget came from different sources. This includes money from Aggregate External Finance, Fees and Charges and Council Tax.

Net Revenue Expenditure 2018/19

Committee	Expenditure £	Cost per head of population £
Education & Children's Services	£304,931,000	1,154
Communities	£123,804,000	473
Infrastructure Services	£64,278,000	246
Chief Executive & Business Services	£39,364,000	151

Capital Budget

In 2018/19 Aberdeenshire Council planned to spend £102.891 million on capital projects, to be financed through a combination of capital grants, revenue, capital funds and internal borrowing. The final outturn position was £84.999 million, £15.163 million lower than planned for the year.

The table below shows the capital expenditure by Policy Committee. Whilst capital expenditure was lower than budgeted, the Capital Plan delivers large scale projects which can and will take longer to deliver than sometimes expected. Therefore, the Capital Plan should be viewed as a series of connected years rather than just individual financial years and as such the majority of the £15.163 million will be carried forward into the new financial year to deliver agreed projects.

Progress against the Capital Plan is monitored by the Capital Planning Group (group of officers from across all services), with slippage identified at the earliest opportunity and projects accelerated where possible to ensure best use of available resources, with budgets revised to reflect the changes. Project slippage and budget revisions, together with the explanations for the changes are reported to Policy Committees quarterly.

Key areas of spend by Policy Committee:	
Education & Children's Services	Kinellar Primary School Enhancements to existing Schools Expenditure under the Childrens and Young Persons Bill

	Improvements to Disabled Access
Communities	Banchory Sports Village Disabled and Elderly Adaptations
Infrastructure Services	Aberdeen Western Peripheral Route Roads Resurfacing Stonehaven Flood Prevention Improvements to Cycling and Walking routes
Chief Executive & Business Services	Industrial Portfolio and Factory Units Information and Communication Technologies Council Depots Planned Building Maintenance

How We Measure Up – Our Performance 2018/19

We have identified a range of Key Performance Indicators within Service Plans to help evidence delivery of the council's core outcomes and priorities. These indicators form the basis of the performance scorecards for each core outcome summarised on pages 14 - 16 of this report. You can also see the scorecards in more detail [here](#).

Each year Audit Scotland prescribes a set of Statutory Performance Indicators - SPI 1 and 2 that all council's in Scotland must report.

Statutory Performance Indicator 1 (SPI 1) relates to corporate management – areas such as responsiveness to communities, procurement, managing assets and economic development). It also focuses on service performance – areas such as roads and lighting, housing, children's services, community care and planning services.

SPI 1 is a set of locally defined indicators that demonstrate the council recognises, and is meeting, its responsibilities under the 2003 Best value legislation including ensuring a balance between cost and quality. The council's local indicators were agreed by Policy & Resources Committee and most of the indicators are incorporated into Service Plans and support the performance scorecards used in this Annual Report.

The performance report available [here](#) shows all the indicators reported by the council as part of SPI 1 under the headings defined by Audit Scotland.

Statutory Performance Indicator 2 (SPI 2) comprises of indicators defined in the Local Government Benchmarking Framework. The Local Government Benchmarking Framework encompasses all councils in Scotland and that allows the council's performance to be compared to other council's in Scotland. The latest data available is for the financial year 2016/17 and you can see it [here](#). These indicators will be updated for 2018/19 early in 2020 and this appendix will be updated.

The most up to date performance data for the council is always available online at www.aberdeenshire.gov.uk/performance

Public Performance Reporting Calendar 2018/19

The council publishes a range of reports and documents throughout the year that provide an update on how the council is performing. The calendar is available [here](#) and is updated regularly.

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