Aberdeenshire
COUNCIL

Annual Performance Report 2016/17

28 September 2017

Index

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Foreword

Welcome to Aberdeenshire Council's Annual Performance Report for 2016/17. In March 2013 Aberdeenshire Council adopted the Council Plan 2013-2017 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 final Council Plan of this 4 year period. Over the past year we have been working hard to enable:

- Lifelong Learning
- Strong & Sustainable Communities

- Cared for Communities
- Public Service Excellence

A high level analysis of Aberdeenshire undertaken in January 2017 (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.

Aberdeenshire Council has for the first time set a Carbon Budget for the financial year 2017/18. The Carbon Budget is the first to be established by a local authority in Scotland. Carbon Budgeting is a tool which can be utilised to ensure that each service is made accountable for reducing its carbon emissions and allows the Council to better manage its emission targets. In March the Council formally adopted the Local Development Plan and its associated supplementary guidance. The plan sets out ambitious long-term and site-specific visions for the area, not including the Cairngorms National Park, and will provide a practical framework within which the outcome of planning applications can be decided with a degree of certainty and efficiency. The adoption of the Plan marks the end of a four year process which included two major consultations, more than 2,000 detailed responses and more than 30 committee meetings and a public examination.

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, Covalent, enables teams to see at a glance how they are doing and also allows reports to be produced for scrutiny by councillors.

Aberdeenshire Performs is the council's performance improvement framework. Beginning with service 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 2013-2017.

This is the final annual performance report evidencing delivery of the Council Plan 2013-2017.

VISION	OUTCOMES	PRIORITIES 2016-2019	LEAD

The Best Area

Helping to create and sustain the best quality of life for all through....

- Happy, healthy and confident people
- Safe, friendly and lively communities
- An enterprising and adaptable economy
- Our special environment and diverse culture

The Best Council

Aiming to provide excellent services for all by ...

- Involving, responding and enabling
- Finding new and more efficient ways of doing things
- Providing elected leadership for our area
- Working with our partners in the North East and beyond
- Always looking for the future

Lifelong Learning: Aberdeenshire is the best place to live and learn, work and play. It is an area where we are working together for the best quality of life, supporting healthy, successful, inclusive communities.

Strong & Sustainable Communities: Aberdeenshire is the best area where the council works with partners and communities to create and sustain the best quality of life for all through an enterprising and adaptable economy, that is the location of choice for high value national organisations, for smaller expanding businesses and for social enterprises.

Caring for Communities: Aberdeenshire is the best place to be, where the council is creating and sustaining the best quality of life for all through involving and enabling happy, healthy and confident people who live in safe, friendly and lively communities.

Public Service Excellence: Aberdeenshire is the best council. It is a dynamic, effective organisation aiming to provide excellent services by finding new and more efficient ways of doing things. The focus is on continuous improvement of the quality and efficiency of service provided with strong leadership and motivated employees.

Priority	Lead
PETERHEAD CAMPUS	Director of Education & Children's Services
ACTIVE TRAVEL	Director of Infrastructure Services
REGENERATION	Director of Infrastructure Services
CITY REGION DEAL	Director of Infrastructure Services
CLIMATE CHANGE	Director of Infrastructure Services
AFFORDABLE HOUSING	Director of Infrastructure Services
ESTATE RATIONALISATION	Director of Business Services
BALANCING THE BOOKS	Director of Business Services
FUTURE GOVERNANCE	Director of Business Services

The latest residents' view was on the performance of the council, the type of performance information we publish and how we could improve our public performance reporting. Surveyed through our Citizens Panel, 81% of respondents were positive or neutral about how the council keeps residents informed about performance.

The services which respondents felt it was most important for the council to communicate performance information on were:

- Local schools (76% of respondents placed this in their top five choices);
- Satisfaction with local roads (72%);
- Social care or social work services (72%);
- Leisure facilities (64%).

The full results of the survey are available through this link. We have used the views from respondents to inform the development of this Annual Report and also the performance section on the council's website – www.aberdeenshire.gov.uk/strategy-and-performance/about-performance/.

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 2013-2017
- Complaints Monitoring
- Key Strategic Plan - Annual Updates
  - Caring for Communities
  - Strong sustainable Communities
  - Lifelong Learning
  - Public Service Excellence

The Public Performance Reporting Calendar at the end of this report also contains links to performance information that will be published through 2017/18.

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 Policy & Performance Manager by phone on 01467 536139

Getting Involved

Consultation and public engagement lies at the heart of Aberdeenshire Council's approach to service improvement and development. By consulting and engaging with our communities, citizens, customers, employees and other stakeholders, we can make use of the information received and ensure that our plans, priorities and actions are fully informed.

Feedback from all our consultation events is published on our website here.

In December 2016 a budget engagement programme was launched running through to January 2017. Councillors wanted to hear the views of everyone they represent with their views on the services that matter most to them. All councillors agreed that budget decisions should be informed by the residents and employees of Aberdeenshire who use services every day to tell the council how savings could best be delivered and what improvements they would like to see in services.

Seven infographics were researched and developed. They looked in detail at seven parts of the budget setting process.

1. **Council Tax** (how it is set and how it is spent).

2. **Efficiencies** (how we can develop our services differently).

3. **Income generation** (any new ideas to put us on the front foot)

4. **Investing in our communities** (a detailed look at the council capital plan)

5. **Pressures** (where the pressures are going to be in the coming year, from population growth to care services).

6. **Savings** (a radical look at where we may save money)

7. **Alternative Delivery Model** (a specific and more detailed look at how we can, perhaps, deliver sports and cultural services differently).

The activity reached an audience of 179,251, with a total of 12,584 clicks on social media content. This led to 2,323 individuals visiting the budget engagement page of the website, with 3,514 visits in total.

The following table illustrates the number of responses received through the seven online surveys:

Budget Theme	Number of responses
Investing in our communities	557
Delivering Sport and Cultural Services	1,073
Income Generation	752
Increasing Efficiency	824
Council Tax	1,190
Identifying Savings	1,105
Pressures	1,274

The new approach helped to inform budget setting decisions including: communities taking responsibility for local services; paying more for services if it would prevent it being reduced or stopped; and delivering more services online.

Your Voice Your Choice is a project that involves local people. Residents will decide for themselves what projects are needed to improve health and the environment in their communities. This is known as Participatory Budgeting. Following a successful pilot in Fraserburgh and Peterhead last year the project was expanded to include other areas of Aberdeenshire. This includes;

- Buchan - Peterhead

- Banff and Buchan - Fraserburgh

- Formartine - Turriff

- Garioch - All of Garioch

- Kincardine & Mearns - Mearns Coastal Area (Benholm, St Cyrus, Johnshaven, Gourdon, Inverbervie.)

Details of the successful projects being undertaken in these areas can be accessed here.

On a monthly basis an independent research company contacts 150 residents to ask for feedback on the council. Different residents are contacted each month. This 'Reputation Tracker' is considered by the council's Strategic Leadership Team and the information is used to inform improvement activity. We publish a summary of the feedback on our website (Feedback from customers) .

The Council, along with community planning partners is developing our use of digital engagement. This approach uses digital tools and techniques to find, listen to and mobilise communities around an issue or topic. It enhances our existing engagement approaches and increases the ways residents can participate in local decision making.

Engagement events will continue to be held throughout 2017 and 2018 and there will be a focus on understanding the priorities for the council for the period 2017-2022, how the budget should be allocated and where the council, and partners, can work together with communities to reduce socio-economic inequality. Engagement will include online and face to face engagement and you can follow us on our social media channels to keep up to date with future engagement opportunities.

Our twitter account is [@aberdeenshire](#) and our Facebook account is [Aberdeenshire](#)

A Day in the Life…

- We spend £2m delivering services across Aberdeenshire

- 0.9 new Affordable Homes developed

- Treat 1,674 kilometres of road against ice and snow (November-April)

- 9 planning applications received

- 2.2 business start-ups assisted by the Business Gateway

- £394,000 spend on delivering capital projects

- 1303 kilometres swum in leisure centres

- 5,739 visits to our libraries

- Carry out 16 occupational therapy assessments

- 29,400 people follow us on Twitter

- 156 job applications received

- Register 23 birth, deaths and partnerships/marriages

- Deal with 886 calls through our contact centre

- Recycle 214 tonnes household waste

- Collect £460,176 council tax income

- 35,265 pupils attend primary and secondary 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:

- Approval granted for Business Rates Relief Scheme at an estimated cost of £2,792,040

- Support Aberdeenshire businesses in line with the North East Regional Economic Strategy

- Development of a Simplified Planning Zone for Peterhead

- The Energetica Summer Festival has continued to grow in terms of its reach and participants whilst offering improved value for money

- The Aberdeen City Region Deal is valued to be worth £826.2 million over a ten year period

- Aberdeenshire Council is working to reduce the cost of street-lighting by moving to new low-energy LED lanterns

- Travel Actively: - Love to Ride Cycle Challenge

- Public Transport GrassHOPPER. It is estimated that around 17,000 bus journeys are made each month using GrassHOPPER tickets

- Aberdeenshire Council has installed a number of publically available chargers for electric vehicles in several of our main towns

- Syrian New Scots. So far over 70 refugees have resettled in Aberdeenshire

- Delivered an extensive budget engagement initiative to help inform the budget setting process

- Household Waste Recycling Centre opened at Portlethen

- New equality outcomes for 2017-2021 developed for Council, Education Authority and Licensing Boards

- Local Outcomes Improvement Plan for Aberdeenshire focussing on reducing child poverty, changing Aberdeenshire's relationship with alcohol and supporting cohesive and connected communities adopted by Aberdeenshire Community Planning Partnership

- Permanence and Care Excellence (PACE): The PACE project won its second award at the Scottish Government Quality Improvement Awards for 'Outstanding Contribution to Improving Outcomes for Children, Young People and their Families.'

- Excellence in Education: Ellon Academy was a finalist at the Scottish Education Awards in 2016 for "Creativity Across the Curriculum" also reaching the finals of the "Enterprise and Employability Across Learning Award (Secondary)" category, Scottish Education Awards. Mintlaw Academy has been recommended to receive the prestigious "Customer Excellence Service" award after a full assessor visit

- Aberdeenshire's Mental Health and Wellbeing Strategy launched. Improving Health: The Partnership in Practice Award was won by Kat Burke, Health Improvement Officer, Education and Children's Services at the GRAFTA National Health Service awards.

Challenges & Opportunities

- Carbon Budget: Aberdeenshire Council has become the first council in Scotland to set a carbon budget. Each service has been allocated an annual carbon total which they must bear in mind in everything they do. That total will be reduced year on year to meet strict national carbon targets. The carbon budget relates to the council's own emissions. For 2017/18 the council will need to reduce emissions by 5% (compared to the 2014/15 baseline). This will have an impact on how decisions need to be made, such as buying goods and services, the operation of council buildings, buying and disposing of fleet and business mileage, among other things. This carbon budgeting provides an exciting opportunity for Infrastructure Services to dramatically rethink the way that we deliver services. This is going to require a change at every level in the service and is a chance to be truly innovative in how we balance the needs of services and residents with our climate change obligations.

- The Council has been working to diversify the economy of the area. Aberdeenshire is still heavily dependent on the oil and gas industry (directly and indirectly) and the downturn in this sector caused by the low price of oil and the cost of doing business has hit the local economy hard. It has been estimated that within the region, 30,000 jobs have been lost directly in the last two and a half years. Although oil prices have recovered a little in recent months most experts believe that there will not be a "bounce" in the oil and gas sector "anytime soon." The challenge for the Council is to both support and develop traditional industries whilst encouraging innovation and diversification into new areas and to continue to make the area an even more attractive proposition for visitors and investors and those who may want to live and work here.

- The Fishing sector sees exit from the EU as an opportunity. The UK's two main representative organisations for fishing, the Scottish Fisherman's Organisation and the National Federation of Fishermen's Organisations (NFFO), have said Brexit provides the structure for an ambitious new fisheries management regime that will ensure significant economic benefit for fishing communities once the UK regains control of its 200 mile Exclusive Economic Zone (EEZ).

- Fully implementing the revised staffing model for Early Learning and Childcare by August 2018 with a requirement to consider flexible arrangements and a Scottish Government requirement to increase Early Learning and Childcare hours to 1140 by 2020.

- The forthcoming year sees the Council facing a series of unprecedented challenges, one of the most significant is the potential impact on the Council and its services due to the Brexit vote last year. One area affected by this is the future of European-funded projects and programmes managed by the Council. Around £11m of funding has been secured for the 2014-20 period for business competitiveness; employability; poverty and social inclusion; fisheries businesses and communities; and rural businesses and communities. The UK and Scottish Governments have given guarantees that funding will be available until 2020. Recruitment of teaching staff continues to be a challenge for Aberdeenshire Council.

- In the short term, uncertainty is predicted to have an effect on the economy. A number of Aberdeenshire's key economic sectors are governed by EU policies and rely on EU financial support and markets. The agricultural sector is dependent on EU subsidies (c. £75-100m per annum to North East Scotland) and would need to restructure in the event of this funding being removed and not replaced. Conversely, the sector may benefit from reduced regulation which could reduce costs. The National Farmers' Union Scotland has stated that while the outcome of the vote brings a period of significant uncertainty, it also presents an opportunity to negotiate the best possible deal to support our farming and food sectors. The UK Government has also undertaken to match the current level of agricultural funding until 2020.

Our Priorities

The Council Plan 2013-2017 sets out the strategic outcomes that will help fulfil our vision that Aberdeenshire is the best area for those who wish to live, learn, work and play here whilst ensuring the area is served by the best council. In support of these strategic outcomes, Aberdeenshire Council has focused on the delivery of a specific set of projects. These priority projects have been determined by the political Administration of the Council as critical areas of work, alongside managing the day to day delivery of core services.

The projects are:

Peterhead Campus – A purpose built learning environment delivering innovative digital solutions for modern learning spaces; young people, teachers and other partners now have the opportunity to enhance and develop learning and teaching in innovative and relevant ways which can help meet a number of objectives and priorities. A community 3-18 campus provides an opportunity to address social, regeneration, health and educational needs. The development of the new Academy and the outcomes it gives in terms of educational attainment, community engagement and confidence will ensure that the objectives of the refreshed Regeneration Strategy (which will now extend to Peterhead) are delivered.

Active Travel – Supporting the national long term vision for active travel in Scotland by 2030, Aberdeenshire Council's Transport Strategy adopts a hierarchy of Travel Less, Travel Actively, Travel Effectively as the guiding principles. The promotion of active travel has these principles at its core.

Regeneration – Building on work already undertaken in the towns of Banff, Macduff, Fraserburgh and Peterhead we will deliver a comprehensive regeneration strategy for the four towns based around three action plans covering Peterhead, Fraserburgh and Banff/Macduff. The development of these action plans for each community will be based on a partnership approach and will embrace the forthcoming principles of Community Empowerment. By focusing our efforts across the key themes of People, Place and Prosperity we will ensure that we move forward on a cohesive front rather than one action being at the expense of another. Robust outcomes and rigorous evaluation will ensure we remain on track. The Director of Infrastructure Services will co-ordinate this work with all services.

City Region Deal – The starting point of a long-term improvement programme for the North-East identified as having the greatest impact on unlocking the region's potential. The proposals focus on two pillars – Infrastructure and an Economic Strategy that covers internationalisation, innovation and skills. Through the promotions of active participation and digital linking with our partners there will be far reaching impacts, not just on the economy, but on regional competitiveness, connectivity, infrastructure, housing, employment and lifestyle, all of which are key elements in attracting and retaining the people we will require to support continued growth in the area.

Climate Change – The Council has committed to becoming carbon neutral in the short to medium term. This includes reducing Aberdeenshire's global footprint, achieving sustainable development, protecting and promoting the historic environment, protect and promoting the natural environment, reducing dependence on finite resources and managing waste. Current targets have been updated to include 44% carbon reduction by 2025 from the 2010/11 baseline year and Carbon Neutrality by 2030. In order to tackle the above issues and reach set targets, a Climate Change Action Plan for 2016-2020 is currently being developed with input and targets set by each service. The increased use of Skype for Business will reduce business mileage and ICT's data centre migration will cut energy consumption through efficiency and unified communications. Affordable Housing – To increase the supply of affordable housing across all tenures across Aberdeenshire in accordance with the Local Housing Strategy. To support the recruitment of key public sector workers.

Estate Rationalisation – Continue to rationalise the built estate, including rationalisation of existing office estate and new ways of working i.e. workSPACE Programme and promoting Worksmart which has now been embedded across the council, to transform the office estate. Developing a Civic Centre and associated office space in Aberdeenshire and delivering modern work environments close to where service is delivered supporting a wider operational Estate Rationalisation. Unified communications will support the desk ratio reductions and new ways of working, allowing more staff to work flexibly through the effective use of mobile technology. Also, working with Partners regarding future opportunities for the One Public Sector Estate.

Balancing the Books – The financial pressures being experienced in the public sector mean that budget savings need to be identified. By focusing on efficiencies and service redesign front line services can be maintained. The adoption of a medium term financial strategy will provide the estimated costs of running the council over the next five year period. A multi-year balanced budget will allow service delivery to continue on the basis that future finances, whilst not guaranteed, are available to fund prioritised services.

Governance – The integration of health and social care, together with significant funding changes, made a fundamental review of the Council's governance structure necessary. That review is now complete and a new Scheme of Governance was implemented from 27 January 2017. The new Scheme will continue to be reviewed on an ongoing basis to ensure it remains fit for purpose. As a result, the Council will be assured that it has the best fit of decision-making so as to make it an agile and efficient body and a governance structure that reflects and serves well the communities whose priorities it is here to deliver as well as demonstrating that it achieves the objectives set in terms of the Council.

Delivering Our Priorities

The Council Plan 2013-2017 identifies four core outcomes for the council:

- Lifelong Learning
- Strong & Sustainable Communities
- Caring for Communities
- Public Service Excellence

Each core outcome has a number of aligned priorities that the council is aiming to deliver in order to achieve the core outcomes.

How Did We Do In 2016/17?

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 Appendix 1. Click on each outcome to read more about the priorities supporting the outcome and examples of what the council has being doing in order to deliver the priorities.

Performance Scorecard:

✅	**Council Plan 2013-2017**
✅	**Core Outcome 1 – Lifelong Learning**
✅	**Core Outcome 2 – Strong & Sustainable Communities**
⚠️	**Core Outcome 3 – Caring for Communities**
✅	**Core Outcome 4 – Public Service Excellence**

Performance Trends:

Outcome:	⬆	⬇	▬
No. of Indicators			
Lifelong Learning	16	3	1
Strong & Sustainable Communities	15	13	1
Caring for Communities	10	9	5
Public Service Excellence	25	11	3
Totals	**66**	**36**	**10**
Outcome:	🟢	🔺	🔴
No. of Indicators			
Lifelong Learning	16	3	1
Strong & Sustainable Communities	17	7	5
Caring for Communities	14	6	4
Public Service Excellence	28	6	5
Totals	**75**	**22**	**15**

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

Trends are based on performance as at 2016/17 compared to an average of performance over the previous three years. In 2016/17, there is a decrease in the number of indicators on target compared to 2015/16 and a decrease in the number of indicators demonstrating long term improvement.
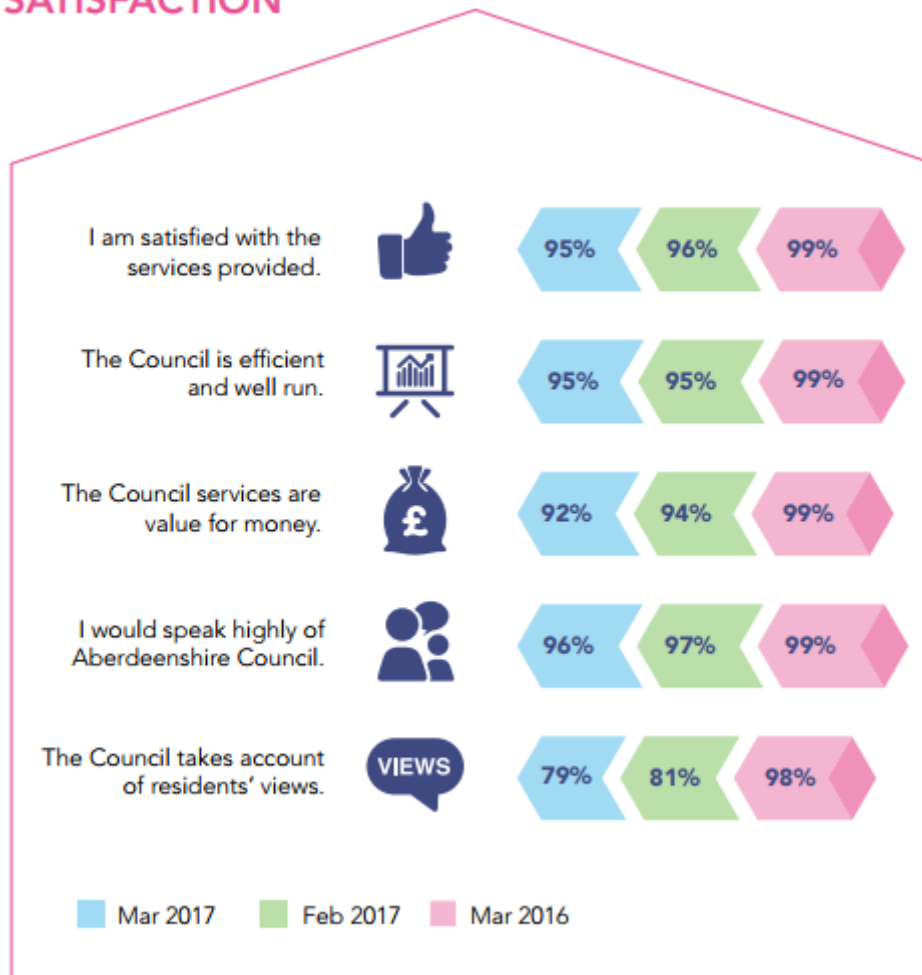
Performance can be on target and demonstrating improvement over time however it is also possible for performance to be on target but showing a decline over time. It is also possible that performance can be below target but demonstrating long term improvement and moving towards achieving the target.

For example it is recognised that physical visits to libraries are reducing over time as digital access to books and information becomes increasingly widespread and the preferred option for many residents. The target set for the performance indicator measuring physical visits has therefore been reduced in recent years. The council is on target with the number of physical visits it expects to support however the overall number of visits has reduced over the last three years. Alongside the indicator of physical visits, the council has introduced new indicators which provide information about digital library issues/downloads and virtual library visits and would expect to see performance against these indicators to increase over time.

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 March 2017 and in March 2016.

SATISFACTION

	Mar 2017	Feb 2017	Mar 2016
I am satisfied with the services provided.	95%	96%	99%
The Council is efficient and well run.	95%	95%	99%
The Council services are value for money.	92%	94%	99%
I would speak highly of Aberdeenshire Council.	96%	97%	99%
The Council takes account of residents' views.	79%	81%	98%

Residents are also asked to rate their overall satisfaction on key council services throughout the year with the results for January – March 2017 displayed below:

		Mar	Feb	Jan
Local Schools		97%	97%	90%
Social care or social work services		85%	91%	82%
Libraries		92%	100%	85%
Museums and Galleries		94%	98%	82%
Parks and open places		79%	94%	94%
Leisure facilities		85%	77%	78%
Refuse collection		92%	97%	95%
Street cleansing		92%	78%	66%
The quality of customer services		95%	96%	88%
Roads maintenance		28%	30%	30%

Summary of Complaints 2016/17

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 2016/17 complaints received were:

Total complaints	1741
Total resolved at stage one and within timescale	1061
Total that went to stage 2 and were resolved within timescale	680
Total complaints partially or fully upheld	592
Investigations by Scottish Public Sector Ombudsman	32
Decisions by Scottish Public Sector Ombudsman	11

The council actively uses feedback to improve service delivery. This is a good example of how our services use complaints as opportunities to implement positive changes to the service they provide to their customers.

The Scottish Public Services Ombudsman (SPSO) investigated a complaint brought to them by a complainant, Mr C. They upheld Mr C's complaint with two recommendations.

Mr C complained about the council's handling of a planning application submitted by his neighbours. The council had granted planning permission, with an attached condition which stipulated that the recommendations in a tree report that had been produced for the neighbours were complied with. Some of the recommendations in the tree report related to trees that were on Mr C's property.

As Mr C had refused his neighbours access to his trees, the planning condition could not be met. When Mr C's neighbours wrote to the council explaining this, the council stated that they considered the condition to have been fulfilled nevertheless. The SPSO took independent planning advice. They found that it was unreasonable for the council to attach a planning condition that was unachievable to the planning application. They also found that rather than considering the condition to be fulfilled when they discovered it to be unachievable, the council should have asked the applicants to formally apply, under Section 42 of the Town and Country Planning (Scotland) Act 1997, for the condition to be varied or for the development to proceed without complying with the terms of the condition.

The SPSO noted that prior to their investigation the council had implemented new training and guidelines to reduce the possibility of a similar failing occurring again, and that they had accepted that the condition should not have been attached in the form that it was.

As a result of the recommendations the council apologised to Mr C. The council service also briefed all appropriate staff on the appropriate use of their Section 42 process map through further guidance at regular team meetings and briefings on how to discharge planning conditions contained in their Best Practice Manual. This manual was created to improve service delivery as a

result of previous learning as a result of complaints handling and SPSO decisions.

What Others Told Us

As a council we undertake our own self-assessment and evaluation 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 2016/17. 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:

- **Leadership and management**: The LAN noted slower than anticipated progress in the council's transformation however it acknowledged that the council has reworked the programme, previously governed through a separate business transformation board, into the overall governance of the strategic leadership team and in the coming year the LAN will be keen to see how the council brings together service improvement, the public sector reform agenda and financial / workforce / asset planning into a cohesive long term vision and plan, ensuring the scope and pace of change is delivered.

- **Future years funding gap**: Progress made in this area was highlighted, including a set of high level proposals developed for consideration by the administration, which will be applied as part of a balanced budget for 2016/17. However, additional, more detailed work is required for future years, which is being progressed through the development of a medium term financial strategy. This is intended to introduce a more collaborative approach to financial planning.
- **Housing and homelessness**: To assess the risks to social landlord services, the Scottish Housing Regulator has reviewed and compared the performance of all Scottish social landlords to identify the weakest performing landlords. SHR has assessed the performance of this council and concluded that no additional scrutiny is required beyond statutory work.
- **Education**: Recruitment of teaching staff continues to be a challenge for the council. There is scope to further improve inspection outcomes. The Area Lead Officer will continue to monitor the impact of steps taken by the council to address both these areas.

Annual Audit

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 Scrutiny Committee.

The most recent audit confirmed that our annual financial statements are in line with the requirements of the financial code. Risks were identified in relation to the valuation of property assets; manual approval of invoices, the Local Code of Corporate Governance being out of date and budget monitoring reports that do not separately identify virements made in-year - these have been incorporated into the Action Plan for addressing. Eight uncorrected misstatement, all immaterial, were highlighted.. No instances of fraud were identified.

External auditors are satisfied that as a result of the internal audit plan for 2015/16 and audit reports there are appropriate systems of internal control in place and no significant weaknesses have been identified.

Also considered as part of the annual audit are the areas below:

Audit Area:	Findings:

Financial Management	The council reported an overspend of £1.7m after transferring £10.0m during the year from uncommitted reserves to support in-year expenditure. The use of reserves is a non-recurring way of supporting budget pressures and there is a risk that the underlying challenges are not being addressed. The council has appropriate internal controls within main financial systems which operated effectively during the year. Arrangements for the prevention and detection of fraud and corruption need to be refreshed and promoted across the council.
Financial Sustainability	The Revenue Budget 2017/18 identified a 5 year cumulative deficit of £41m. While potential savings have been identified, the council does not routinely monitor savings achieved to measure whether plans are realistic. The level of the council's uncommitted reserves has fallen below the agreed minimum balance and is one of the lowest balances in Scotland. It will be increasingly difficult for the council to use reserves to help fund expenditure in the future Good quality information is provided to members to allow for scrutiny of progress against the Capital Plan.
Governance & Transparency	A significant review of governance was undertaken during the year and a new decision making and scrutiny structure implemented. While it is too early to assess the impact, the framework shares responsibility for scrutiny across all policy committees. The council is open and transparent in the way that it conducts its business, with public access to meetings, online availability to agenda papers and webcasting of council meetings now routinely carried out. . A comprehensive programme of member induction was provided following the council election in May 2017 to support new members in discharging their governance and scrutiny role.

Value For Money	Overall performance has improved in recent years.
	The council reports robust performance information to elected members and the public.
	Recent inspection activity has generally been positive.

As a result of the audit, 11 areas for improvement have been recommended. The council will develop an action plan to progress the recommendations.

Managing Our Risks

Aberdeenshire Council operates in an environment where it continually requires to balance 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.
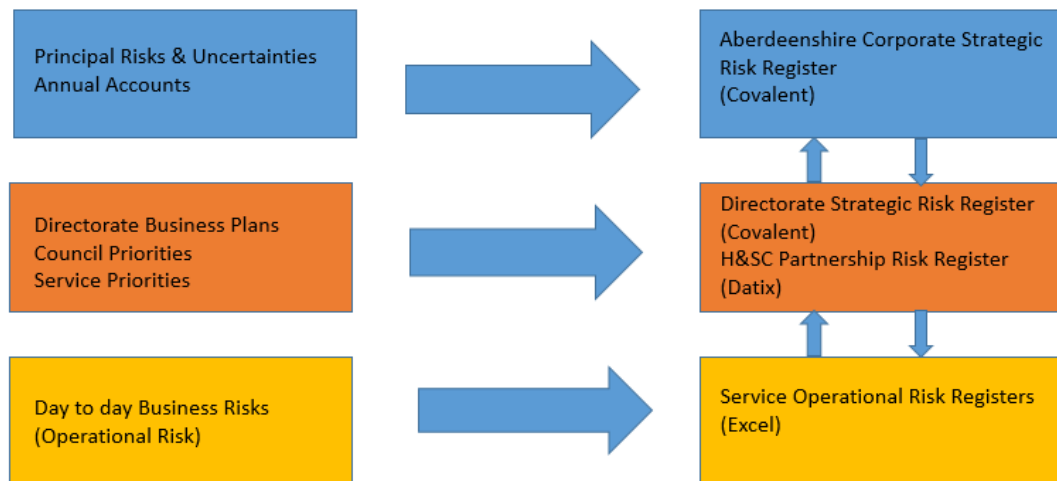
Services are currently undertaking a full review of their Operational Risks.

Risks are categorised as Major, Significant, Important and Minor depending on the impact financially, on customers, service users and staff and in terms of the council's reputation.

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

- **£1,170 Band D Council Tax (Scottish average = £1,149)**
- **99.91% - actual expenditure vs forecast expenditure**

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

It is anticipated that the current period of financial restraint will continue to last for some considerable time. The impact of decisions taken by the UK and Scottish Governments, together with inflationary pressures, will mean real cash reductions in the amount of money the council has to deliver a wide range of services.

Aberdeenshire's settlement is the third lowest in Scotland when compared to the average funding per head of population. However the council still has a substantial sum (£533 million in 2016/17) to spend on services.

Aberdeenshire Council continues to develop its budget setting process and has established a Medium Term Financial Strategy (MTFS) prepared by the Strategic Leadership Team reflecting the Council's Core Outcomes. The MTFS represents a more collaborative approach to financial planning across services and a more structured view of the revenue budget, Capital Plan and council reserves allowing the council to plan the full financial impact of decisions taken now on future years' budgets.

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 has to 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.

We know how much people value our services and the people who deliver them. It is critical that communities have their say - we want you to get engaged but be realistic - and help us to find solutions that will meet your local needs. Aberdeenshire Council will continue to engage communities through a range of mechanisms including face to face, online and social media, print and elected representatives to ensure that everyone has the chance to have their say on how council services are delivered in the future.

Revenue Funding 2016/17

The funding which makes up the 2016/17 budget came from different sources. This includes money from Aggregate External Finance, Fees and Charges and Council Tax.

Net Revenue Expenditure 2016/17

Service	Expenditure £	Cost per head of population £
Education & Children's Services	£293,496,000	1,156.67
Communities	£114,837,000	408.46
Infrastructure Services	£67,266,000	346.56
Chief Executive & Business Services	£39,525,000	118.34

Joint Board Requisitions and Misc. Services	£1,000,000	3.82

Capital Budget

The capital budget is the planned expenditure on fixed assets which will be of use or benefit to the council beyond the year of account.

Expenditure can be capitalised if it leads to the creation of an asset, lengthens its useful life, increases market value, or the extent to which it can be used for the purposes of the Council. It is normally financed from the sale of existing assets or by borrowing over a number of years.

The Capital Plan is approved by Policy & Resources Committee and is a rolling programme reflecting council policy, area needs and available capital funding.

The Corporate Asset Management Plan outlines the Council's approach to the management of its assets. The latest plan covering the period 2015 – 2020 was approved by the Council in January 2015.

The investment strategies for delivering objectives set out in the Asset Management Plan are set out in the Housing Revenue Account (HRA) Capital Plan and the General Fund Capital Plan. The HRA Capital Plan forms part of the 30 year Housing Business Plan. The General Fund Capital Plan is for the 15 year period to 2030 and is worth an ambitious £933.383 million. Its aim is to deliver a range of new and improved facilities including new schools, care homes and community sports facilities. Over the next three years the forecast spend is £408 million.

A large proportion of the resources used to finance the Council's capital expenditure comes from borrowing. The Prudential Code allows the Council to borrow money for capital projects provided it can demonstrate that the borrowing is affordable, sustainable and prudent.

Supporting borrowing the Council generates its own capital resources through the sale of surplus land and buildings. Monies raised are reinvested by the Council in new projects. The Council can also use current revenue or monies taken from its reserves to support capital expenditure.

Other sources of funding include Government Grants, contributions from third parties such as public sector partners, developer contributions and monies provided through the Scottish Futures Trust.

The year 2016/17 saw the council agree a capital programme by budgeting for capital expenditure of £145,067,000, after taking account of slippage of £1,615,000.

Capital Expenditure 2016/17	Cost (£'s)
Infrastructure Services	33,110,000
Communities	10,054,000
Education and Children's Services	40,629,000
Business Services	8,546,000
City Region Deal	4,190,000
HRA Housing	29,011,000
TOTAL	**125,540,000**

Expenditure was funded by grants of £46,771,000, sale receipts of £5,451,000, revenue contributions of £19,249,000 and borrowing of £54,069,000. Examples of some of the key projects delivered during the year are given below:

Banff & Buchan Area	Capital Project	Progress
Macduff	£3.5m Community and Sports Centre	Opened November 2016
Banff	Part of £12.5m Deveron Sports and Community Centre included refurbished swimming pool and outdoor facilities	Opened January 2017
Scalloway Park, Fraserburgh	£1.3m Fraserburgh Children's Home Replacement	Opened October 2016
Buchan Area		
Peterhead	Peterhead Community Campus	Options under review
Catto Park, Peterhead	New all-weather Pitches as part of £835,000 upgrade to Catto Park facilities	Opened 2016
Formartine Area		
Markethill, Turrif	£12.6m Replacement Primary	Due to open August 2017
Garioch Area		
Midmill, Kintore	£12m new build Primary school	Officially opened March 2017

Uryside/Inverurie, Market Place Primary School	£12.8m Replacement Primary school	Due to open October 2017
Kinellar	£12m Replacement Primary	Due to open August 2018
Inverurie	Community Campus	Due to open 2020
Kincardine & Mearns Area		
Hillside, Portlethen	£12.9m new build Primary school with sports facilities	Officially opened March 2017
Portlethen	£1.7m Household Waste and Recycling Centre, Badentoy, Portlethen	Opened December 2016
Bervie	Primary School Extension	Plans are being finalised with work commencing April 2017 and due to complete spring 2018
Laurencekirk	£1.3m Laurencekirk Nursery Extension	Completed April 2017
Marr Area		
Drumoak	£7.3m replacement Primary School	Officially opened September 2016
Hill of Banchory	£8.7 Community and Sports Centre	Planning permission granted with work due to commence summer 2017 with expected completion end of 2018
Aboyne	£1.1m Nursery Extension	Completed April 2017
Huntly	Deveron Building at Gordon Schools Refurbishment	Plans are being finalised

Appendix 1

How We Measure Up – Our Performance 2016/17

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 18 and 19 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 are 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 2015/16 and you can see it

here. These indicators will be updated for 2016/17 by the end of 2017 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

Appendix 2

Public Performance Reporting Calendar 2017/18

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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