

**ABERDEENSHIRE COUNCIL – 25 APRIL 2013**

**AUDIT SCOTLAND TARGETED BEST VALUE WORK 2012/13, ASSURANCE AND IMPROVEMENT PLAN UPDATE 2013-2016 (ABERDEENSHIRE PERFORMS)**

**1 Recommendations**

**It is recommended that Council:-**

- 1.1 Consider the findings of the targeted Best Value work 2012/13 undertaken by Audit Scotland and approve the improvement plan; and**
- 1.2 Consider a verbal update on the Assurance and Improvement Plan Update 2013-2016 undertaken by the Local Area Network.**

**2 Discussion**

- 2.1 The purpose of this report is to update Council on the findings of the targeted best value work undertaken by Audit Scotland in 2012/13 and the Assurance and Improvement Plan Update 2013-2016.
- 2.2 The Assurance and Improvement Plan (AIP) sets out the planned scrutiny activity for the council based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of all the main local government audit and inspection agencies including Audit Scotland, Education Scotland, the Scottish Housing Regulator, Care Inspectorate and the council's external auditors (appointed by Audit Scotland) Deloitte. It draws on evidence from a range of sources, including annual reports from the council's external auditors and inspection reports, as well as the council's own performance and self-evaluation data.
- 2.3 It was first published by Audit Scotland in July 2010 and is updated annually.
- 2.4 The AIP Update 2012-2015, whilst generally positive and confirming the council was proactively responding to the difficult financial situation and that council services demonstrated no significant risk, identified a number of 'areas of uncertainty' which it was confirmed Audit Scotland would consider further through targeted best value audit work ('Best Value 2').

**Best Value 2**

- 2.5 The Best Value 2 audit took place in November 2012. The scrutiny specifically focused on:
  - Leadership – specifically the impact of senior management reorganisation
  - Challenge and improvement – including self evaluation, performance management and competitiveness/benchmarking
  - Managing people – specifically managing the workforce reductions

- Equalities – considering the council's approach to equalities. This particular aspect of scrutiny was at the council's request and was not an identified risk area.
- 2.6 The findings of the audit are attached as Appendix 1. In summary, Audit Scotland concluded, positively, that the council:
- is developing a strong senior management team that is improving strategic leadership (Leadership)
  - has a good awareness of where it needs to improve and supports a culture of continuous improvement amongst staff. It has introduced better governance arrangements at officer level to oversee improvement activity (Challenge and improvement)
  - has a clear performance management framework in place and has improved its approach to monitoring and reporting performance. Elected members have a greater focus in scrutinising the council's performance (Performance management and benchmarking)
  - has a comprehensive approach to people management through a workforce strategy and action plan. It is aware of the challenges it faces in recruiting and retaining staff and in maintaining a skilled and resilient workforce. The council works well with staff and their representatives to address these challenges through a variety of initiatives and can demonstrate progress in reducing sickness absence amongst staff and increasing the number of participants in the Worksmart programme (Managing people)
  - has the structures and processes to deliver the equalities duties. It has robust plans in place to identify the main equality issues for the council and its communities and to raise awareness of elected members and staff on equalities issues (Equalities)
- 2.7 However there are improvements the council could further demonstrate:
- it is still in the early stages of providing clear prioritisation, coordination and reporting on the impact of its improvement work (Challenge and improvement)
  - does not systematically collect, monitor and report on benchmarking activity to help it identify where it needs to improve (Performance management and benchmarking)
  - more engagement from elected members and staff at all levels (Equalities)
- 2.8 Activity to address the improvement agenda identified by Audit Scotland is summarised in Appendix 2. Monitoring of the activity will be managed through the performance framework for the Council Plan 2013-2017.

### **Assurance and Improvement Plan Update 2013-20165**

- 2.9 The outcome of the targeted best value scrutiny work informed the council's most recent shared risk assessment.
- 2.10 The AIP Update 2013-2016 will be published by Audit Scotland on 25 April 2013. A verbal update on the key outcomes and the associated scrutiny plan will be provided to Council on the day of publication and a copy of the published report will be circulated to all Elected Members electronically.

## **'How Good Is Our Council?' 2012/13**

- 2.11 Both the best value scrutiny and the shared risk assessment considered the council's 2011/12 self-evaluation as part of the evidence base. The council understands that in order to improve outcomes and performance for the benefit of service users and communities it must be self aware and understand where its strengths and opportunities for improvement lie and not solely rely on external scrutiny to identify these areas.
- 2.12 In June 2012, Council considered the first self assessment and evaluation undertaken using the 'How Good Is Our Council?' (HGIOC) framework. The council started the 2012/13 HGIOC process in February 2013 and the self evaluation will be completed shortly. A summary evaluation will be reported to a future meeting of the Council.
- 2.13 The Head of Finance and Monitoring Officer within Corporate Services have been consulted in the preparation of this report and their comments have been incorporated.

## **3 Equalities, Staffing and Financial Implications**

- 3.1 An equality impact assessment is not required because the report is to inform committee on performance and there will be no differential impact, as a result of the report, on people with protected characteristics.
- 3.2 There are no specific staffing or financial implications arising from this report.

**Dr Christine Gore**  
**Director of Corporate Services**

Report prepared by Amanda Roe, Performance Manager  
3 April 2013 BV2AIPReport.doc

# Aberdeenshire Council

## Targeted Best Value Audit work 2012/13

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. It provides services to the Auditor General for Scotland and the Accounts Commission. Together they ensure that the Scottish Government and public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.

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## Background

1. The best value audit report on Aberdeenshire Council was published in 2008. The findings concluded that the council was clear about its overall direction and priorities and had been effective in establishing a culture of continuous improvement. However, the findings also noted that to deliver best value fully the council needed to adopt a more strategic approach and to coordinate its plans more effectively. The council needed to increase and maintain the pace of change and to ensure that initiatives were followed through and evaluated.
2. The first Assurance and Improvement Plan (AIP) for Aberdeenshire Council was published in July 2010. This set out the planned scrutiny activity for the council for the period April 2010 to March 2012 based on a shared risk assessment undertaken by a local area network (LAN) made up of representatives of all the main local government audit and inspection agencies. The LAN met again in November 2011 and the AIP update for the period 2011-14 was published in May 2012.
3. The LAN noted that the performance of council services continue to raise no significant concerns. At the corporate level it was identified that there had been an improvement or sustained performance in a number of key areas, for example governance and accountability, risk management and financial management. Despite there being evidence of progress in performance management this remained an area of uncertainty. Some uncertainty had also emerged as a result of the requirement for efficiencies in the workforce and challenges in delivering these efficiencies.
4. The updated AIP for 2012-2015, prepared by the LAN set out an assessment of risk and the scrutiny required for Aberdeenshire Council. It included targeted best value audit work in 2012 to consider:
  - Leadership - specifically the impact of senior management reorganisation
  - Challenge and improvement - including self-evaluation, performance management and competitiveness/benchmarking
  - Managing people - specifically managing the workforce reductions
5. In addition to the work identified above, we also examined the council's approach to equalities. This work was not in response to an identified risk area but was at the request of the council to assist in its drive to mainstream equalities throughout council work.
6. The audit work was carried out in October and November 2012, by a team from Audit Scotland. We gratefully acknowledge the co-operation and assistance provided to the audit team particularly by Colin McKenzie, Chief Executive and to Amanda Roe, Performance Manager and all elected members and officers contacted during the audit.

# Conclusions

## Leadership by Senior Managers

**The council is developing a strong senior management team that is improving strategic leadership.**

7. Senior management leadership had been identified as an area of uncertainty through the shared risk assessment process due to the significant amount of change that has occurred over the past two years:
  - The number of directors has reduced from seven to four
  - Early in 2011, the assistant chief executive left the council and the post was not replaced
  - Two new directors (education, learning and leisure, and infrastructure) were appointed during 2010-11
  - October 2011, change in who held the post as the head of finance, which is also the council's Section 95 officer
  - Between March 2009 and March 2012, the number of heads of service has reduced from 29 to 19 and at third tier manager level, the number of posts has reduced by 27, from 105 to 78.
8. Whilst this was part of the council's planned approach to secure efficiencies and establish a more focused and leaner senior management structure, the LAN considered this an area of uncertainty in relation to how the council was managing the change, to ensure that skills and knowledge were not lost and that resilience was maintained. The audit work focused on the impact of the new senior management arrangements and how the process of change had been managed.
9. Aberdeenshire Council's strategic management team (SMT) provides good leadership for the council. Senior managers have an inclusive and visible management style and promote good communication in the workplace. The SMT includes the Chief Executive, Directors, an Area Manager and the three statutory officers. The council also has an effective Management Team (MT) which includes all Area Managers, and Heads of Service. Leadership is being further developed at the individual service management team level including Heads of Service and Support Service Managers.
10. The council continues to develop its senior management capacity and as a result there is good corporate and cross service working. The council has put in place an extensive leadership development programme that supports induction of senior management and recognises the need for succession planning. The programme includes regular leadership forums, leadership master classes on specific topics, a mentoring programme for senior staff, events such as 'Aspiring to be corporate director/Head of Service' and Aberdeenshire Career Exploration programmes for future leaders. Senior managers particularly highlighted the benefits of 'active learning sets' which challenge management behaviours with a focus on

problem solving to promoting a corporate approach. This involves groups of senior officers problem solving difficult issues with facilitator support. Initially this approach was used by the MT and has now been rolled out to senior officers through management teams.

11. The council also undertakes 360 degree feedback for Directors and Heads of Service. This has resulted in both the SMT and the MT acting cohesively and supportively. Both focus on the corporate agenda and by working together at various levels has improved cooperation between services and business areas.
12. The council has good awareness of where it needs to improve its leadership and has plans in place to address this. It is undertaking a review of the role and remit of its senior management team meetings to address the changes in the senior management landscape, the reduction in staff numbers and revised roles and remits. The review will also consider the need for a greater strategic focus around the business discussed at meetings.
13. Staff are increasingly positive about the leadership of the council. The staff survey results in September 2012 show that 68 per cent of respondents agreed that the person they reported to demonstrated effective leadership in areas such as setting direction, bringing people with them, encouraging improvement and leading by example. Furthermore 47 per cent of staff agreed that senior managers engage effectively which is a notable improvement from the 2010 survey result of 31 per cent.

## Challenge and improvement

**The council has a good awareness of where it needs to improve and supports a culture of continuous improvement amongst staff. While it has introduced better governance arrangements at officer level to oversee improvement activity, it is still in the early stages of providing clear prioritisation, coordination and reporting on the impact of its improvement work.**

14. Through the shared risk assessment process in 2011 the LAN concluded that challenge and improvement was an area of uncertainty. The council had been simplifying its approach to improvement planning by consolidating its existing improvement plans. The council's best value improvement plan and corporate improvement plan have been consolidated within individual service plans with the aim to make service plans the main vehicle for improvement planning. In addition, the council had introduced an Improvement Programme Board (IPB) comprising senior officers to take the lead on prioritising, managing and reporting on performance and improvement.
15. At the time the AIP was published in May 2012 the council was aiming to deliver a report on a council wide self-assessment based on 'How good is my council?' by June 2012. This would have been the first time the council had conducted a self-assessment at this high level.
16. Our audit work therefore focused on the effectiveness of the council's arrangements to drive improvement and the impact this has had in improving services. In particular we looked at:
  - How well the new arrangements to support improvement are working, including how effectively 'How Good is My Council' has been used as a self-evaluation tool and the

effectiveness of the improvement programme board in monitoring the council's improvement work

- The role of the strategic management team in identifying, prioritising and scrutinising improvement activity
  - How individual services are identifying, prioritising and driving forward improvement activity, reporting impact and assessing if this has been embedded into service planning
  - The degree of elected member involvement in developing improvement plans, prioritising improvement activity and in scrutinising impact, and
  - The degree to which the council can demonstrate service improvement.
17. The council is in the early stages of developing its programme of self evaluation. The council introduced its How Good is Our Council (HGIOC) self evaluation programme in July 2011 and carried out a council wide evaluation between November 2011 and March 2012.
18. The council can show that it has used the HGIOC framework effectively to facilitate improvement. The council assessed itself as 'good' in five out of the six high level questions, meaning that it recognises that has important strengths but with some areas for improvement. These five high level questions covered; the key outcomes it had achieved, how well it meets the needs of stakeholders, how good its delivery of key processes is, how good its management and leadership is. It assessed itself in the sixth question covering its capacity to improve, as having both the capacity and capability to continue to improve. We found that the council's assessment was a fair evaluation of its strengths and showed good awareness of the areas for improvement.
19. Following the self evaluation exercise the council developed improvement actions for the period 2012/13. Progress against these improvement actions is overseen by the Improvement Programme Board (IPB). In December 2012 the IPB considered a report that noted overall progress was 27 per cent complete, with some areas for improvement well advanced and all on track to deliver within timescale.
20. The council has introduced new arrangements that allow Directors and Heads of Service to have an oversight of service-level and corporate improvement activity. It has set up :
- A Business Transformation Programme Board (BTPB), chaired by the Director of Corporate Services,
  - an Improvement Programme Board (IPB), chaired by the Director of Infrastructure Services.
  - four Service Improvement Boards (SIB).
21. Services take the initial lead in identifying and prioritising improvement activity through service planning and performance reporting. This work is further coordinated by the four SIBs which are responsible for identifying and prioritising improvement activity within each service.
22. The IPB oversees the improvement activity at council level and is attended by the chairs of the SIBs who provide regular updates on improvement activity in each of the four services. The BTPB oversees business transformation under three workstreams: Working Smarter

(including Worksmart and workSPACE); Customer Services (including Improving the Customer Experience) and Supporting Employees (including Employee Relationship Management).

23. The governance arrangements have been in place for around 18 months and there are clear remits for each of them, but further work is needed to develop the role of the boards particularly in prioritising improvement work and identifying, monitoring and reporting the benefits from improvement activity. Elected Members should receive an annual report on the work of the BTPB however to date there has been no such report. The IPB reports to SMT. While elected members receive reports on progress against service plans which contain service improvements; the council should strengthen the role of members in scrutinising the council's overall improvement agenda.
24. The council has been proactive in undertaking a range of improvement activity across its services. However it is still in the early stages of streamlining its improvement activities and does not yet have a clear approach to prioritisation. The council recognises this and the SIBs and IPB are working on a prioritisation project which it expects to report in spring 2013. The aim of this project is to put in place a plan of all the improvement activity in the council to assist in the coordination of cross cutting corporate projects, the allocation of resources and the oversight of all improvement work.
25. The council does not systematically evaluate the impact of its improvement activity and savings are not always planned and monitored in detail or challenged at an appropriate level. While senior managers can articulate the benefit of improvement work in their services there is not a comprehensive or common approach to capturing and reporting on impact. The council is now addressing this and is working with its external auditors to develop an approach to benefits realisation and has set a target date of May 2013 for this work to be completed.
26. While councillors demonstrate good scrutiny of council performance they have limited involvement in developing improvement plans, prioritising improvement activity and scrutinising impact, particularly of the savings being made. Councillors take a reactive rather than proactive role in considering the impact of improvement activity and recognise that there is inconsistent scrutiny of the impact of improvement plans.
27. The council is, in general, improving its service performance.
  - In education, learning and leisure there is overall good performance, particularly with regard to pupil destinations. Aberdeenshire is maintaining its previous position of 40 per cent of pupils progressing to higher education, which is higher than both comparator councils and the national average.
  - In social work the inspection of care services directly provided by the council demonstrates strong performance.
  - The council's provision of housing services shows improving performance and rising tenant satisfaction with the service. Overall there has been an increase in the number of council dwellings that are free from serious disrepair, that are energy efficient and that

are meeting the Scottish Housing Quality Standard. The council's management of empty houses is improving as is its management of rent arrears.

- In development services the council has increased the number of household and non householder applications dealt with within 2 weeks.

28. The council's provision of waste services is not performing so well, the percentage of municipal waste recycled or composted and 'biodegradable municipal waste sent to landfill are ranked 25 and 28 out of 32 councils respectively. However, the long term trend is improving.

## Performance management and benchmarking

**The council has a clear performance management framework in place and has improved its approach to monitoring and reporting performance. Elected members have a greater focus in scrutinising the council's performance. The council does not systematically collect, monitor and report on benchmarking activity to help it identify where it needs to improve.**

29. The council's performance management arrangements had been identified as an area of uncertainty through the shared risk assessment process. The LAN also identified some uncertainties in relation to competitiveness and benchmarking.
30. Our work focused on the effectiveness of the Aberdeenshire Performs framework in capturing performance information, supporting benchmarking, facilitating comprehensive performance reporting and helping identify areas for improvement. It also looked at the integration of strategic planning, performance monitoring and improvement activity and how the council is using benchmarking to identify where it needs to improve. It also considered the effectiveness of member and officer scrutiny of the council's performance.
31. Aberdeenshire Council is consolidating its performance management arrangements. The aim is to bring together the following strands of planning and performance management into a cohesive framework:
- Strategic planning
  - Performance management
  - Performance monitoring
  - Improvement activity
32. The council has a clear performance management framework in place. The 'Aberdeenshire Performs' framework enables the council to have a direct link through team plans, to business plans to service plans and performance reporting. During 2012/13 the council began to incorporate all council improvement activity, identified through either self-evaluation or external scrutiny, into this framework. The aim is to ensure improvement activity supports relevant council or service key objectives and that it is appropriately resourced and prioritised. In addition, the council continues to seek ways to improve how it reports its performance information to allow more effective scrutiny at its committees, the IPB and SIBs.

33. The council has improved its approach to monitoring and reporting performance. The council reports its performance through exception reporting. It has improved the quality and presentation of performance information. These improvements have been well received by members. While this approach to reporting performance is still in the early stages of development, there have been improvements in the quality of information and how it is presented. Members consider that the performance reports they receive are comprehensive with information being made available in advance of meetings.
34. Improvements in the quality of performance information have led to elected members providing more focused scrutiny of performance. Elected members have open access to the performance management computer system and can drill down into more detailed performance information as they choose. Members have also taken the opportunity to scrutinise performance in detail and engage in dialogue with officers' outwith the normal committee reporting route through area performance seminars at area committees. These group discussions have led to elected members exploring service performance and current issues in depth.
35. In January 2012 the council projected an underspend of £10.719 million against its 2011/12 budget. In April 2012, the council reported that the final underspend amounted to £20.236 million, significantly exceeding the earlier projection. On investigation the council's internal audit team identified there were a number of variances between the figures projected in January and the final figures. Some of the variances are attributed to vacancies in permanent teachers, infrastructure services and waste disposal; lower capital financing costs and contracts not being let. The council has accepted that they should have known about these variances; however the issue was that the information that services provided to the Finance Team was incomplete, so the reports going to the wider MT did not reflect an accurate budget position.
36. The council has put more stringent arrangements in place for monitoring the revenue budget savings and in particular the levels of any underspend. Services are now being actively encouraged to flag up any issues to the finance team at an early stage. Also, as part of the 2013/14 budget process, the council has undertaken a risk based review of the budgets that had material levels of underspend to establish how the budgets could be reduced without impact on service delivery. These budget re-alignments will not impact on the staffing complement levels and are not permanent therefore will be fed back into the revenue budget in future years once the recruitment issues are resolved. In the most recent budget briefing, officers are recommending that a strategy be developed in each service to tackle these recruitment levels and improve staffing levels. The Scrutiny and Audit Committee now receive a full report at each committee showing progress against each saving rather than the exception reporting that occurred previously.
37. The chair of the Scrutiny and Audit committee is not an opposition councillor, which is not in line with good practice principles for audit committees. The vice chair is however an opposition member and there is a good balance of elected members from a range of backgrounds that contribute positively to how business is conducted. The council refers examples of poor

performance to this committee for more robust scrutiny or further investigation, for example housing and council tax performance is regularly considered at the committee. The committee has commissioned external facilitation from CIPFA to help it further develop its scrutiny and audit function and has put in place a forward work programme of workshops and investigations to assist it in this.

38. The council does not systematically collect, monitor and report on benchmarking activity to help it identify where it needs to improve. The council is aware that benchmarking is an area which requires further development and identified this as an improvement area through the recent self-assessment 'How Good is Our Council?' Its assessment identified that benchmarking is not undertaken consistently across services and there is not a common understanding of what benchmarking is and how it can be used.
39. The council has plans in place to develop its approach to benchmarking. It has invested in a new corporate performance management system, of which a key consideration was its ability to support wider benchmarking, for key statutory and local indicators. While individual services can identify examples where they have undertaken benchmarking this is not comprehensive and consistent across council services. The council will use the SOLACE/ Improvement Service benchmarking project to improve its approach to benchmarking.
40. Elected members demonstrate a clear understanding of the benefits of benchmarking in driving service improvements and challenge officers for comparative information during meetings. The Scrutiny and Audit Committee has also identified benchmarking as an area for investigation and are in the early stages of scoping out this work with plans to report in the spring of 2013.

## Managing people

**The council has a comprehensive approach to people management through a workforce strategy and action plan. It is aware of the challenges it faces in recruiting and retaining staff and in maintaining a skilled and resilient workforce. The council works well with staff and their representatives to address these challenges through a variety of initiatives and can demonstrate progress in reducing sickness absence amongst staff and increasing the number of participants in the Worksmart programme.**

41. The council's approach to managing people had been identified as an area of uncertainty due to recent and planned workforce reductions. The council's 'Worksmart' initiative is intended to develop a more efficient, flexible workforce.
42. In November 2010 the council indicated that in order to make the required savings in its revenue budget for 2011 to 2013, in a worse case scenario, it would need to reduce the workforce by 900 full time equivalent posts (FTE). This was approximately ten per cent of the workforce. In September 2012 the council reported that the workforce had reduced by 319. The council has taken action to minimise the reduction in staff numbers by managing vacancies, reducing levels of overtime, minimising the use of agency staff and reducing the

number of temporary posts. Some posts which had been identified by directors have been deferred pending council decisions on rural schools and libraries.

43. The audit considered the extent to which the council's approach to planning for and managing its workforce reductions minimises the effects of skills loss, identifies and addresses skills gaps and ensures resilience in the streamlined workforce.
44. The Human Resources and Organisational Development Service is structured in such a way as to support the council in delivering the key elements of its workforce strategy. It includes four units:
  - Health, Safety, Wellbeing and Risk Unit
  - HR Operations - Business Partner, Mediation & Employee Relations and HR Support Unit
  - Learning and Development Unit
  - Organisational Design, Recruitment and Strategy Unit
45. The council has a comprehensive approach to people management through its workforce strategy and action plan. It has a workforce planning toolkit that includes data on staff numbers and age profile which assists in the profiling and planning for its workforce strategy. The strategy is linked through its planning framework to service planning and service reviews. A key element of the strategy is the recruitment and retention of staff and developing its staff along with associated actions such as introducing a learning and development strategy, piloting the proposed competency framework and development scheme framework.
46. The council has effective policies and systems in place to assist it manage its workforce. It is undertaking a range of activities to help it minimise the impact of the reduction of its workforce. These include improving its understanding of the workforce profile and training opportunities, such as the provision of more targeted learning and development opportunities that meet individual's needs as well as support the business of the council. Its leadership development programme outlined in paragraph 10 helps minimise skills loss and builds resilience in its workforce. It has also made changes to working practices to make the council more attractive to prospective employees. The council agreed in January 2013 to introduce a living wage supplement, which offers a minimum hourly rate for employees. It has also approved the introduction of the Empty Homes Loan Scheme to get empty properties back on the rental market and made available as affordable housing.
47. The council shows a good understanding of the challenges it faces, particularly around its ability to recruit and retain staff in a competitive environment. It uses a range of approaches to manage, retain and realise the potential of staff through re-skilling, secondments in other business areas, attracting workers to specific posts, a 'growing your own' approach and a review of roles and responsibilities. These, along with its workforce planning toolkit, aim to identify and address future gaps. These initiatives have been effective in managing and retaining its workforce, there has been an increase in the council's retention rate for staff from 73.8 per cent in 2010/11 to 75.7 per cent in 2011/12 and turnover for voluntary leavers reduced from 10 per cent to 8.4 per cent over the same period.

48. In January 2013 the Scrutiny and Audit committee were advised that the Management Team were undertaking a review of recruitment and retention issues and will report back on this later in the year. Officers are recommending that a strategy be developed in each service to tackle recruitment levels and improve staffing levels.
49. The council can show improvements in its sickness absence levels. The total number of days lost per year through sickness absence for employees, excluding teachers, has reduced from 71,343 in 2010/11 to 67,803 in 2011/12, for teachers there has also been a reduction in the total number of days lost per year through sickness absence. Both sickness absence levels are below the Scottish average.
50. The council's Worksmart programme is enabling flexibility in how it deploys its staff. The aims of this initiative are:
- Increased productivity: To allow the council to make the best use of staff resources and reduces unnecessary travel time such as routine visits to offices to update records and collect files.
  - Asset management: Improving council accommodation to provide quality access for the public and modern facilities for staff through a better utilisation of space with the potential over time to reduce the number of buildings and their associated costs. This has developed into the workSPACE project.
  - Improve sustainability: Through considering the impact of activities on the environment such as reducing travel to work mileage, reducing premises costs for lighting and heating.
51. The Worksmart programme is highly regarded by staff, which is demonstrated by positive perception measures based on manager and officer feedback, reported to the Policy & Resources committee. It is on schedule to exceed the anticipated number of employees and has the backing of the trade unions. At November 2012 there were 1,564 Worksmart participants with a further 355 staff having applied to change their working pattern. This achievement was against a target of 1,780 for the three years.
52. An internal audit report in October 2012 found that there has been no actual, measured productivity or efficiency savings (which could be separated from other initiatives) to demonstrate the impact that Worksmart has had. The council considered an update report on Worksmart at its Policy and Resources Committee in January 2013. This provided details on the numbers of participants and shows the success of the Worksmart initiative.
53. The report identified that that over the three years that Worksmart has been in place there has been a £126,540 saving on business mileage, and a saving of 411,749 commuting miles, saved by employees working from other locations closer to home or from home. This has had an impact in reducing carbon emissions (kgCo2 of 102,378). Furthermore it identified property savings through the release of nine offices leased by the council, the saving of running costs through vacation of four offices and the receipt of capital through the sale of a further office. The committee has received a commitment for a further report on the impact of this against the original business case, however no specific date has been given for this

54. The council engages well with its staff and involves a range of staff at all levels in its improvement activity. It has a 'change channel' tool that allows staff to submit ideas for improvement and the council's intranet Arcadia provides staff with good information on developments within the council. Senior staff engage in 'back to floor exercises' to engage with staff and the Chief Executive's blog provides for a two way dialogue on key issues affecting staff.
55. The staff survey results found that 60 per cent of respondents agreed that Aberdeenshire Council was an excellent organisation to work for, an increase of ten per cent from a similar question asked in the 2010 staff survey. It also found that regarding their team or work group, 87 per cent of respondents agree they have a regular opportunity to read or hear about council news, initiatives and events. Furthermore, 79 per cent agree they can contribute to making improvements within their area of work and 78 per cent agree that their team regularly gets together for team updates, discussions or depot meetings.

## Equalities

**Aberdeenshire Council has the structures and processes to deliver the equalities duties but needs more engagement from elected members and staff at all levels. It has robust plans in place to identify the main equality issues for the council and its communities and to raise awareness of elected members and staff on equalities issues.**

56. The audit work also examined the council's approach to equalities and the extent to which this is mainstreamed across services and in decision making. This work was not in response to an identified risk area but was at the request of the council to assist in its drive to the mainstream equalities throughout council work.
57. The council has made good progress in implementing its Multi Equality Scheme (MES). The MES covers the period 2010 to 2013. The MES is reported annually to the council's Policy and Resources Committee and was last reported in February 2012. The scheme includes 55 actions and the council reported that of these 41 actions had been completed, 5 were on track and nine not on track. Good progress is also being made in delivering the equalities improvement actions from the HGIOC self evaluation exercise.
58. The council is proactive in driving the equalities agenda. It has commissioned Grampian Regional Equality Council (GREC) to carry out an equalities mapping exercise to identify what the main equalities issues are in Aberdeenshire. The council itself has contributed equalities issues from a range of consultation and engagement activity that it has undertaken within the area with local community groups. The council used this initial mapping exercise to undertake focus groups with local communities across Aberdeenshire in October and November 2012. The aim of these focus groups was to test if the key issues, arising from the evidence gathered, matched up with the experiences of the citizens of Aberdeenshire in 2012. The council is using the evidence collected to develop equality outcomes for reporting to council by

April 2013. This will help it to meet the specific duties of the Equality Act 2010 to publish equality outcomes and report progress.

59. The council has robust plans in place to develop and promote equalities but needs to ensure that all staff are aware of their responsibilities and the impact they have in delivering fair and better outcomes for communities. The council is raising awareness of the equality issues with staff by improving the range of training opportunities available and through the provision of information on Arcadia, the council's Intranet for staff communication. The council has an established Corporate Equalities Group (CEG) that includes representatives from all services as well as NHS partners and a local voluntary group. It undertakes a range of activities that promotes equalities including leading on the awareness raising, the development of Arcadia and representation on a number of external groups.
60. The council cannot demonstrate that equalities are routinely considered in its decision-making as it is not highlighted in committee reports. The council is now addressing this with specific paragraphs being added to all relevant reports from April 2013. This, along with training for elected members, should help to ensure that equalities are considered more systematically in the council's decision making.
61. There is further scope for the council to work with elected members to promote equalities for the Aberdeenshire area. The council does not have an elected member equalities champion and there are no elected members on the CEG. There is limited reporting on equalities issues to council other than the reporting of the MES to Policy and Resources. However, elected members have been provided with training on the 'The Public Sector Equality Duty and Specific Duties'. This training contained specific reference to the need to proactively consider equalities in relation to decision making. The session was interactive in getting elected members to work through question areas. By January 2013, 70 per cent (48 out of 68) of elected members had attended training with further sessions and briefings planned.

# Improvement agenda

62. This improvement agenda details the areas for improvement that we have identified during our targeted audit work.
63. The council needs to:
- Continue to develop its leadership development programme and progress improvements in its corporate working
  - Prioritise its improvement activity at corporate and service level
  - Evaluate the impact of its improvement activity
  - Involve elected members in prioritising improvement activity and in scrutinising the impact of that activity.
  - Develop service level recruitment and retention strategies in order to better manage its staffing levels
  - Systematically collect, monitor and report on benchmarking activity to help it identify where it needs to improve
  - Continue to promote and raise awareness of equalities with staff and elected members and ensure that equalities issues become a key consideration in decision-making
64. We would ask the council to report the findings of this report to the relevant committee and develop improvement actions to respond to the above improvement agenda. The council should bring to our attention any improvement plans.
65. The council's progress against these areas will be monitored by the external auditor to the council and reported in the Annual Report to Members for 2012/13.

**Audit Scotland Targeted Best Value Audit work 2012/13  
Improvement Agenda**

<b>Area For Improvement</b> The council should:	<b>Examples of Actions</b> The council will:	<b>Responsible</b> This will be progressed by	<b>Governance</b> This will be monitored by	<b>Timescale</b> This will happen by
<p><b>Continue to develop its leadership development programme and progress improvements in its corporate working</b></p>	<p>The council will:</p> <p>A range of activity is planned for the coming year that will further develop leaders at various levels in the organisation including:</p> <ul style="list-style-type: none"> <li>• Bi-annual Leadership Forum</li> <li>• Bi-annual Managers' Forum</li> <li>• Bi-annual Master classes on relevant leadership topics</li> <li>• Implement a "Future Leaders" succession planning process.</li> </ul> <p>Accompanying this, a "Talent and Career Management Framework" that encompass recruitment and selection, induction, performance management, learning and development and succession planning, is being launched.</p>	<p>Head of HR &amp; OD</p>	<p>Management Team</p>	<p>Ongoing throughout year</p>

<b>Area For Improvement</b> The council should:	<b>Examples of Actions</b> The council will:	<b>Responsible</b> This will be progressed by	<b>Governance</b> This will be monitored by	<b>Timescale</b> This will happen by
<b>Prioritise its improvement activity at corporate and service level</b>	<ul style="list-style-type: none"> <li>• Continue action learning sets and extend to 5<sup>th</sup> tier</li> <li>• Participation on next cohort of Collaborating for Outcomes programme (joint leadership development course with Community Planning Partners)</li> <li>• "Leadership Challenge" workshops for Service Managers and above.</li> </ul> <p>We are reviewing the council's approach to improvement. This will result in clearer prioritisation of improvement activities, resources and timescales across the core streams of improvement – corporate, service, transformation, service reviews and budget efficiencies.</p>	Head of Customer Communications & Improvement	Improvement Programme Board	September 2013
<b>Evaluate the impact of the improvement activity</b>	<p>This is being progressed in partnership with the external auditors. Workshops have been undertaken to identify an approach to benefits realisation. A framework is being developed that will be supported by an implementation plan.</p>	Head of Finance	Improvement Programme Board	May 2013 then As per implementation plan

<b>Area For Improvement</b> The council should:	<b>Examples of Actions</b> The council will:	<b>Responsible</b> This will be progressed by	<b>Governance</b> This will be monitored by	<b>Timescale</b> This will happen by
<b>Involve elected members in prioritising improvement activity and in scrutinising the impact of that activity</b>	This action will be considered by the Improvement Programme Board and a suggested approach will be reported to Scrutiny & Audit Committee in September 2013.	Improvement Programme Board	Scrutiny & Audit Committee	September 2013
<b>Develop service level recruitment and retention strategies in order to better manage its staffing levels</b>	Specific recruitment and retention strategies will be developed by HR&OD in partnership with individual Services to address particular recruitment and retention challenges. The strategies will be tailored to deliver the particular needs of a function. Current examples the approach being taken include the 'Recommend A Friend' and featured jobs campaign for ICT and 'Make a difference everyday – make homecare your career'.  Other actions include: <ul style="list-style-type: none"> <li>• Proposals being developed to promote Aberdeenshire Council as an Employee of Choice which will be</li> </ul>	Head of HR & OD	Management Team	Ongoing

<b>Area For Improvement</b> The council should:	<b>Examples of Actions</b> The council will:	<b>Responsible</b> This will be progressed by	<b>Governance</b> This will be monitored by	<b>Timescale</b> This will happen by
	presented to Policy & Resources Committee (June 2013) <ul style="list-style-type: none"> <li>Review of Pay and Employee Benefits (Sept 2013)</li> </ul>			
<b>Systematically collect, monitor and report on benchmarking activity to help it identify where it needs to improve</b>	The Scrutiny and Audit Committee is undertaking an investigation into the council's approach to and use of benchmarking. Recommendations arising from this investigation will be reported to Aberdeenshire Council in Autumn 2013 and will be implemented accordingly. <p>Other activity that is ongoing to support the use of benchmarking as an improvement tool includes:</p> <ul style="list-style-type: none"> <li>Development of benchmarking functionality within Covalent</li> <li>Preparation of guidance material to support Managers when considering benchmarking which will be available as part of</li> </ul>	Head of Customer Communications & Improvement	Improvement Programme Board Scrutiny & Audit Committee	Autumn 2013 then as per timescales agreed as part of action plan in support of recommendations.

<b>Area For Improvement</b> The council should:	<b>Examples of Actions</b> The council will:	<b>Responsible</b> This will be progressed by	<b>Governance</b> This will be monitored by	<b>Timescale</b> This will happen by
<p><b>Continue to promote and raise awareness of equalities with staff and elected members and ensure that equalities issues become a key consideration in decision-making</b></p>	<p>the Performance Improvement Framework and will include use of</p> <ul style="list-style-type: none"> <li>Incorporation of Local Government Benchmarking Framework into 'How Good Is Our' self evaluation framework.</li> </ul> <p>A specific Equality Outcome has been identified that supports this improvement recommendation: Outcome 1 Aberdeenshire Council employees ,Councillors, The Aberdeenshire Licensing Boards and The Aberdeenshire Education Authority have an increased understanding about the challenges facing people from different groups and will respond to their requirements. Aligned to this outcome are a range of outputs that will be delivered and associated performance measures.</p>	<p>Head of Customer Communications &amp; Improvement</p>	<p>Corporate Equalities Group</p>	<p>Timescales identified in Equalities Outcome Statement</p>