ARGYLL AND BUTE COUNCIL	AUDIT AND SCRUTINY COMMITTEE
CHIEF EXECUTIVE	**18 JUNE 2019**

COUNCIL PERFORMANCE REPORT – OCTOBER TO MARCH 2019
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1.   SUMMARY

1.1   The Performance and Improvement Framework (PIF) sets out the process for presenting the Council's performance reports. This paper presents the Council's Performance Report and Scorecard for FQ3 and FQ4 – October to March 2019.

1.2   It is recommended that the Audit and Scrutiny Committee reviews the Councils Performance Report and Scorecard as presented for the purposes of scrutiny.

1.3   The Audit and Scrutiny Committee are asked for their views on the revised reporting template.

1.4   It is recommended that the Audit and Scrutiny Committee note the recent developments of the PIF and the planned activity for 2019/20.

Cleland Sneddon
Chief Executive

ARGYLL AND BUTE COUNCIL   **AUDIT AND SCRUTINY COMMITTEE**

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COUNCIL PERFORMANCE REPORT – OCTOBER TO MARCH 2019

2. SUMMARY

2.1   The Performance and Improvement Framework (PIF) sets out the process for presenting the Council's performance reports. This paper presents the Council's Performance Report and Scorecard for FQ3 and FQ4 – October to March 2019.

2.2   The paper identifies the strategic activities that have occurred during the reporting period and identifies the key challenges and the actions to respond to them. They are presented in a revised template that mirrors the Quarterly Departmental Performance Report template.

2.3   Recent changes and planned developments to the PIF are also summarised herewith.

3. RECOMMENDATIONS

3.1   It is recommended that the Audit and Scrutiny Committee reviews the Council report and scorecard as presented for the purposes of scrutinising the Council's performance.

3.2   The Audit and Scrutiny Committee are asked for their views on the revised reporting template including the presentation of the off-track indicators.

3.3   The Audit and Scrutiny Committee note the recent developments of the PIF and the planned activity for 2019/20.

4. DETAIL

4.1   The Performance and Improvement Framework (PIF) was approved by the Council in September 2017. The PIF sets out the agreed framework for planning, monitoring and reporting the Councils performance.

4.2   The Corporate Plan is delivered through 32 Business Outcomes. The Business Outcomes create a corporate overview cutting across all Services and Departments. As of the 2017/18 financial year a suite of 32 business outcomes, owned and endorsed by SMT, were developed and used. These align to the Argyll and Bute Outcome Improvement Plan (ABOIP), Corporate Plan and the Priorities of Argyll and Bute Council 2017 – 2022.

4.3   Each Corporate Outcome is supported by a number of Business Outcomes, which in turn are supported by any number of success measures from across the Council.

4.4   This is the final Council 6-month performance report aligned to the 32 Business Outcomes. As from the 2019/20 financial year a revised suite of 17 Business Outcomes, again aligned to the Corporate Plan, are used.

The approved Service Plans 2019-22 are aligned to the 17 Business Outcomes. The consolidation of business outcomes produces a clearer picture of the work, achievements and challenges and encouraged the use of more appropriate success measures.

4.5   During 2018/19 the Quarterly Departmental and 6-monthly Council Performance Report template has been improved. All activities are aligned to the Business Outcomes. This further enhances and supports the performance information available in Pyramid.

The 6-month Council report is presented in the new report template - Appendix 1.The Audit and Scrutiny Committee are asked for their views on the revised Performance Report template. The structure of the template is as follows.

4.6   The Performance Report consists of 4 sections –
        ➢ **Section 1 - Success Measure Summary**
This is a summary of the total number of Success Measures and performance status for the whole Council.

        ➢ **Section 2 - Delivering Our Outcomes**
Everything we do delivers our vision and aligns from our individual PRDs, Team Plans, Service Plans, and Business Outcomes to Corporate Outcomes. The report follows this alignment. The report will be populated with high-level strategic achievements. Some of these will be those delivered by Departments, others will be more cross-cutting and of a higher, strategic level. There may be achievements that are already monitored in Pyramid, but the focus for this section is on other achievements that are delivering our outcomes.

        ➢ **Section 3 - Our Challenges**
This section details our challenges, both short-term and key challenges plus any key challenges resolved in the previous quarter / reporting period.

A short-term challenge is generally a challenge that is expected to be resolved within a financial quarter.
A key challenge is generally a challenge that is expected to last longer than a financial quarter or is more strategic in nature.

The key challenge should be clearly but simply explained and detail the action identified to address the challenge. The detailed action is supported by –
        o   Identifying if the key challenge is on-going - Y/N
        o   Action Detail Milestones – Date(s) of the actions detailed
        o   Responsible Person – Name and Delegation

Key Challenges Resolved in previous quarter.
These are listed for completeness and audit purposes. They are no longer reported on.

> **Section 4 - Our Off-Track Performance Indicators**
This section contains a summary of success measures within Pyramid that are off-track for the reporting period. The information will include the Pyramid id code, success measure name, target, actual performance, trend, responsible person and commentary.

Two examples for illustrating this data are presented.
Four off-track indicators have graphs that illustrate the performance and trend over a 5 quarter period. The remaining have narrative only.

The ASC are requested to advise their preference.

4.7   The scrutiny activity is performed by Managers, Senior Officers and Elected Members at both Area and Strategic Committees. To ensure scrutiny occurs at every level the Service Plans and all success measures are built in Pyramid. Every success measure has commentary for every reporting period. This is helping us 'tell our story' and feedback received from Senior Management and Elected Members has been positive.

4.8   The Performance Report illustrates our achievements aligned to the Corporate Outcomes. Fourteen Business Outcomes have supporting detail highlighting how we are Delivering Our Outcomes in this reporting period.

There are 5 short-term challenges, 9 key challenges and 26 success measures that are off-track.

4.9   Appendix 2 illustrates the Council's Scorecard and Management Information. Our progress towards delivering our outcomes is illustrated through the 32 Business Outcomes. Of the 32 Business Outcomes there are 4 Outcomes with no success measures against them and of the remaining 28 Business Outcomes, 13 are Green and 15 are Amber; none are Red.

4.10   The Management Information shows areas where performance is off track. These are detailed below.

4.11   Sickness Absence is above the target of 4.72 days with an actual performance of 6.42 days, an increase from 5.87 days for March to September 2018.

High levels of sickness absence affects productivity and the Council's ability to deliver best value. Sickness absence remains significantly high for LGE staff.

Stress and mental health related absence accounts for the biggest proportion of days lost due to sickness absence (30%) and the council has already implemented actions to promote the use of the Employee Assistance Programme and other available resources including Mental Health First Aiders,

and training for managers and employees.

The Council's HR and OD Manager has been asked to bring together proposals to support wellbeing and reduce absence which are currently being drafted. Services which see highest numbers of days lost due to sickness absence are Education, Adult Care and Facilities Services.

These services have larger numbers of employees overall and are home to the majority of posts which are classified in our workforce planning framework as "Personal Service" (e.g. ASN, Home carers etc.) and "elementary occupations" (e.g. cleaning and catering staff).

These categories of post account for just under 60% of the Council's days lost due to sickness absence and as essential front line services often require to be covered by casual staff or other team members working overtime. Targeting these staff to make them aware of resources available will be considered as part of HR and OD's work plan over the coming year.

4.12 Performance Review and Development Plans (PRDs) have a target of 90% with an actual performance of 79%, an improvement from 70% reported for the last period. It should be noted that there has been a large improvement for both Community Services and Development and Infrastructure Services.

A breakdown of PRD performance by Department is as follows –

Chief Executive's Unit	96%
Community Services	80%
Customer Services	97%
Development and Infrastructure	93%
HSCP	51%

The completion of PRDs is an important part of the annual employee lifecycle and presents an opportunity for employees to reflect on their performance over the year with their line manager, receive recognition for good work and effort, identify any training needs or aspirations and discuss any challenges or problems.

It also presents an opportunity to set goals and objectives for the year ahead which can be reviewed during the year and help to clarify expectations.

Most services have managed to reach their target for completion at or above 90% with the exception of four (Adult Care, Roads and Amenity Services, Education and Economic Development). While the majority of these narrowly missed their target, Adult care both in the east and west have returned significantly low numbers (less than half of target) which have resulted in the Council overall failing to meet its target for the year.

4.13 Stage 1 and Stage 2 Complaints are both below target at 78% against a target of 80% and 86% against a target of 90% respectively. There was a reduction of 133 complaints the Council dealt with.

There were 128 stage 1 complaints; 59 of those were for Roads & Amenity; with 52 for Customer & Support Services.
For stage 2 complaints there were 21 in total, 16 of those were for Roads & Amenity.

There were 34 stage 1 Customer & Support Services complaints in relation to a Data protection breach. For Roads & Amenity the complaints received relate to the common themes of refuse collection and parking services although there were also complaints about the lack of communication and staff conduct.

4.14 Of the Audit Recommendations 5 are off track, while 2 are overdue. Both overdue audit recommendations are for Development and Infrastructure. Audit recommendations are reported monthly to the Strategic Management Team and actions to complete them are recorded and allocated to the responsible officers.

4.15 Operational Risks
Development and Infrastructure have 1 red risk assets. This is in regard to bridges where priority has had to be given to other critical asset projects. Customer Services and Community Services have no red risks for. Detail on all of the red risk assets is contained in the Service and Group Asset Management Plans, which inform the prioritisation of budget allocation. These are overseen by the Asset Management Board, chaired by the Executive Director – Customer Services

4.16 Finance
The forecast underspend on Council Services was £1.4m, this doesn't include Social Work that are managed by the Integrated Joint Board. The final position due to be reported to the Council at the end of June is an underspend on Council Services of £1.3m. The net underspend is made up of a number of variances, both over and under spends and are noted as follows:
➢ Planned underspend on fleet budget due to a decision to delay replacing vehicles that would give rise to this in-year underspend as well as further savings in 2019-20 – circa £670k
➢ Underspend on superannuation auto enrolment budget that is no longer required - £280k
➢ Additional vacancies savings as well as underspend on apprenticeship levy payment – circa £500k
➢ Underspend in relation to NPDO insurance and Hub Schools project as a result of one-off insurance savings and contract management bringing the contracted spend in below budget – circa £400k
➢ Underspend in utilities across the Council – circa £120k
➢ Increased income across the Council in within various services – circa £250k
➢ Overspend in relation to the additional costs required over and above budget for the pay award – circa £370k
➢ Overspend in relation to Special Education Needs assistant as a result of increased demand – circa £280k
➢ Overspend on winter maintenance due to increased activity required as a result of the weather – circa £300k.

4.17 The Strategic Risk Register (SRR) details significant challenges and the agreed approaches to manage them. Again these specific interventions are subject to scrutiny at Strategic Committee Level.

The current Strategic Risk Register (SRR) has 15 risks in total. There is 1 Red risks and 14 Amber risks. The 1 Red risks is for population decline.

The SRR is in the process of being revised. The revised risks will be presented to the Audit and Scrutiny Committee in due course. Once approved a simplified summary of the new SRR will be built in Pyramid.

4.18 Operating climate effecting the Councils Performance

a) With regards to the withdrawal from the EU, towards the end of 2018 the Council CEO established a tactical team to ensure that the Council is sufficiently prepared for all risks and opportunities that may arise from the withdrawal from the EU. In liaison with the resilience community, the tactical team conducted a full review of risk and opportunities and developed an action plan in response. The tactical team will continue to monitor risks, maintain an action plan, and liaise regularly with the resilience community and provide update reports to national and regional partners when required.

b) A specific area of concern is the loss of economically active (non UK) EU residents from Argyll and Bute at a time that our overarching objective is to grow our economy based on a growing population and parallel to this are three related developments:

➢ The first is a recognition that there is now 7 local authority areas in Scotland with a declining population covering the whole of the west of Scotland. A joined up approach led by Argyll and Bute with the other local authorities to engage the Scottish Government as a group has commenced with a meeting with a Scottish Government representative in February 2019 in an effort to secure a national approach to address the growing east/ west split in population projections

➢ The second is that the Rural Growth Deal proposal was unanimously approved by the Council on 18th October and was formally been submitted to the Scottish and UK Governments.

➢ Finally, on exiting the European Union (EU), UK regions will no longer be able to access EU funding across a variety of programmes which will be replaced by the UK Government's Shared Prosperity Fund (UKSPF) on which the details are at present unknown.

c) There is now an opportunity to promote the unique characteristics of Argyll and Bute as a region in its own right and the Environment, Development and Infrastructure Committee agreed 07 March that officers prepare an evidence based position for the UK Government to support an Argyll and Bute regional policy to ensure the area benefits from future external funding allocations.

d) In addition is the positive news of a second Business Gateway Local (Business) Growth Accelerator Programme with £483k sourced at no additional cost to the Council to provide additional business support for small to medium enterprises in Argyll and Bute.

d) The Council continues to manage and/or support a significant and number of capital regeneration projects with new projects having received external funding including the Lochgilphead Conservation Area Regeneration Scheme; more details are available on request.

e) With regards to council property, the 'One Council' property approach for a more strategic, commercial and value for money approach whilst allowing operational departments to focus on the delivery of their core services secured significant additional rental income and capital receipts over this period.

f) With regards to supporting communities and supporting the principles of the Community Empowerment (Scotland) Act 2015, the council continues to receive a high number of expressions of interest to participate with 3 received over this period and one request for an asset transfer was validated.

g) Education Services are progressing their delivery plan to meet the requirements of the 1140 hours of Early Learning Childcare (ELC) by 2020 with 27 ELC Services now providing access 1140 hours of funded ELC and is a positive position.

h) An important area of risk that has received considerable attention over the period is the ban on biodegradable municipal waste (BMW). In January 2021 the Scottish Government will commence a ban on BMW waste going to landfill. This means that all biodegradable waste (such as food waste, garden waste, paper and cardboard) cannot be disposed of in landfill. In effect this ends landfill as a method of disposing of waste and in some parts of the Council area (islands), we send biodegradable items to landfill. This change will have significant cost implications for the Council as we seek to find alternative way to dispose of waste and it remains to be seen whether support from the Scottish Government to help us do this will be forthcoming. In particular, the cost implications for the waste service on islands are potentially huge because of the need to transport waste off islands. On 07 March 2019 the Environment, Development and Infrastructure Committee approved a draft waste strategy which will be issued for consultation in the next quarter.

i) Councils have a statutory duty under the Local Government (Scotland) Act 2003 to make arrangements to secure Best Value Assessment at least once every 5 years and we learned in December that Argyll and Bute will be the subject of a best value audit from Audit Scotland this financial year. The CEO appointed the Head of Improvement and HR as a Senior Responsible Officer on 17 January 2019 to assemble a project team and make as necessary preparations for the audit. This includes undertaking a full self-assessment against the guidance notes for all the themes as issued by Audit Scotland and this is in progress.

A key output will be a complete library of evidence packaged to support our submissions. It should be noted from the guidance that is issued to auditors that *'[the auditors] overriding aim is holding councils to account for their pace, depth and continuity of improvement facilitated by effective governance. It is for councils to make choices in where they focus their improvement work but they need to show how they arrived at such choices'*. This is an important distinction which the best value team is cognisant of the need to demonstrate this where appropriate.

4.19 There is a large amount of activity planned with regards to the PIF. The new Business Outcomes will be built in Pyramid, which will contribute to the Scorecards. As a result the Scorecards for FQ1 2019/20 onwards will have a new look and feel about them.

It is important to identify if what we are doing is making a difference to our communities. Work is on-going with senior managers and other local authorities to identify and develop Impact Measures which will align to our Outcomes and be illustrated in Pyramid.

5.0 CONCLUSION

5.1 This report updates the ASC on both implemented and planned changes to the PIF and how we are Delivering Our Outcomes, the Key Challenges and how we plan to manage them.

The performance information is presented in a revised Performance Report template which the ASC are asked for their views on.

6.0 IMPLICATIONS
6.1 Policy; none
6.2 Financial; none
6.3 Legal; none
6.4 HR; none
6.5 Fairer Scotland Duty: none
6.5.1 Equalities - protected characteristics; none
6.5.2 Socio-economic Duty; none
6.5.3 Islands; none
6.6. Risk; this report sets out key challenges to the organisation and actions in response.
6.7 Customer Service; none

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APPENDICES

Appendix 1 – Performance Report
Appendix 2 – Council Scorecard: October to March 2019

Cleland Sneddon, Chief Executive – Argyll and Bute Council
22 May 2019