



Annual Performance Report 2015/16

29 September 2016

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Foreword

Welcome to Aberdeenshire Council's Annual Performance Report for 2015/16.

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. Over the past year we have been working hard to enable:

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

Over the year there have been many successes including a number of services achieving national awards. This includes our ICT Service being named ICT Team of the Year at the Holyrood Connect Awards and our Planning and Building Standards Service winning the Quality of Service award at the 2015 Scottish Awards for Quality in Planning; Macduff Aquarium was named Visitor Attraction of the Year at the Aberdeen City and Shire Tourism Awards; and pupils from Mackie, Fraserburgh, Westhill and Turriff Academies performed to over 1,600 people and took home an array of awards from the Scottish Final of Be Your Best Rock Challenge®.

The Aberdeenshire Health & Social Care Partnership was launched in April 2016 following a transition year during which the Integration Joint Board with responsibility for overseeing the delivery of care and a budget of over £270million was formed. Twenty locality teams are now in place and the Partnership's first strategic plan has been published setting out nine priority outcomes for delivery through 2016-2019 with the overarching aim of achieving sustainable, positive health and social care outcomes for people living in our area through working in partnership with communities and people who use services and their unpaid carers.

In March an important new Regeneration Strategy, "From Strategy to Action: Developing Excellence in our North Coast Communities" was agreed which concentrates regeneration effort in the four northern towns of Banff, Macduff, Fraserburgh and Peterhead. As part of the strategy local partnerships are being established in each of the four towns providing leadership and collaborative working at a local level. These partnerships will set out the vision for regeneration within their own towns. Over £5million is available to support the strategy via the Regeneration and Priority Town Centre Reserve.

Further supporting economic development has been the development of VisitAberdeenshire – a new organisation which will work across the North-east to promote the area as a tourism destination through both marketing and business support.

Whilst the council continues to build affordable housing in a range of locations such as Balmedie, Peterhead, Inverurie, Huntly and Ballater, the challenge of ensuring a supply of affordable, quality housing continues. In response to the challenge we have developed Create Homes Aberdeenshire which deliver mid-market rental housing by purchasing homes from developers for rental. Longer term, the secured Aberdeen City Region Deal developed in partnership with Aberdeen City and the private sector, and in conjunction with the Scottish and UK Governments there is

now over £500million confirmed investment and with a focus on anchoring the oil and gas industry in the North East, increased housing options and infrastructure (digital and transport). This is the starting point of a long-term programme that will affect everyone living and working in Aberdeen and Aberdeenshire and will boost the area's achievements on both the national and international stages.

However the year has not been without its challenges. In late December 2015 into early January 2016, Storm Frank (and two subsequent periods of persistent rainfall) resulted in unprecedented rainfall across Aberdeenshire causing widespread and large scale flooding for multiple areas. A major incident was declared on two occasions requiring large scale multi-agency response and recovery efforts. Significant damage was caused creating long term and high cost infrastructure and community impacts. However the combined efforts of communities and public sector agencies such as Police Scotland, Scottish Fire and Rescue Service and ourselves helped bring communities back to a functioning level as swiftly as practicable. Local volunteers and unpaid work teams coordinated through the Criminal Justice service also helped with the massive clean-up operation and a particular achievement was delivered through our Roads team building of a temporary part of the A93 in under a month helping reconnect communities with a vital road link.

Job losses in the energy sector, fisheries sector and related businesses have resulted in an increase in unemployment and economically inactive people across the area. However Aberdeenshire is resilient and we have seen a growth in the number of new trading companies as people take the opportunity to set up on their own, employ people and use their entrepreneurial spirit supported by the council and partners.

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 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. Our Service Plans 2016-2019, available through the council's website, outline how we are planning to continue to deliver the Council Plan priorities in the coming year through a focus on a range of priority projects.



In February 2016, we sought residents' views 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 Citizen's 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 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%) and 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 more detailed information that was used to compile this report.

- [Quarterly performance monitoring](#)

- [How Good Is Our Council Evaluation](#)
- [Reputation Tracker](#)
- [Assurance & Improvement Plan Update](#)
- [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 2016/17.

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 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.

In 2015/16 we held a range of engagement and consultation events throughout Aberdeenshire that allowed residents, youth forums and communities to express their views and ideas on a dementia strategy for Aberdeenshire, the use of Banff Bridge and a new forestry and woodland strategy. One of our most significant consultations took place in November 2015 when we asked residents to have their say on the priorities for the 2016/17 budget. A questionnaire, split into four themes – Services, Communities and People, Efficiencies, and Investment was completed by 1,318 people and their views helped to inform the decisions made by Elected Members in setting a balanced budget and ensuring that the council continues to deliver a range of valued local services to communities.

Feedback from all our consultation events is published on our website [here](#).

Your Voice, Your Choice was a participatory budgeting project involving local people from North of Fraserburgh and Central Peterhead. A budget of £200,000 was made available to fund projects and services to improve health and wellbeing in the two areas. Local people, any community group (including informal groups), voluntary or non-profit organisations could apply for the funding, but it must benefit people living in North Fraserburgh and Central Peterhead. Residents in these areas decided which projects will receive funding. You can find out more [here](#) about the projects that were successful. It is hoped to build on these pilot participatory budget projects and build capacity and understanding across Aberdeenshire to allow more communities to get involved in decision making at a local level.

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 monthly and the information is used to inform improvement activity. We publish a summary of the feedback on our website ([Feedback from customers](#)).

Engagement events will continue to be held throughout 2016 and 2017 and there will be a focus on understanding the core outcomes the council should be looking to achieve with communities, equality outcomes and how the budget should be allocated. Dates for engagement events will be published on the website and you can follow us on our social media channels to keep up to date with future events planned.

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.

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

A Day in the Life...

- We spend £1.95million delivering services across Aberdeenshire
- Educate 38,500 children and young people
- Treat 1,674kms of road against ice and snow (November-April)
- Register 11 planning applications
- Undertake 32 repairs on behalf of council tenants
- 1227kms swum in leisure centres
- Provide social care services to 11,250 individuals each week in their own home
- We find at least 1 stray or lost dog
- Register 25 birth, deaths and partnerships/marriages
- Deal with 930 calls through our contact centre
- Recycle 198 tonnes household waste
- Inspect 4 premises to protect public health
- Collect £462,785 council tax income
- 200,000 plants raised in our Mintlaw nursery and provided to our communities to support village and town community maintained flower displays and landscapes (Spring)

(Based on an average working day)

Successes

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

- The council's Capital Plan worth nearly £952 million over the next 15 years represents a massive programme of investment, creating jobs, supporting businesses, delivering improved facilities and growing ambition in the area.
- Following the success of Peterhead Cycle Demonstration Town, five further towns have been awarded funding to become Integrated Transport Towns and will see improved improve walking, cycling and access to public transport.
- Across our range of care services, 92% of the quality areas inspected received a grade of "good" or above.
- The Council committed to support up to 50 refugee families fleeing the war in Syria.
- The Care Inspectorate confirmed that close working between public services in Aberdeenshire made "a very positive difference" for children and young people.
- 96% of young people leaving school secured positive post school destinations into work, training, volunteering and further or higher education.
- £650,000 of economic development funding helped deliver £2.1million of projects in Aberdeenshire's coastal communities.
- Our Head Teacher at Keithhall Primary School, was voted Teacher of the Year at the Pride of Aberdeen Awards
- The most inspirational of Aberdeenshire's young people and community groups were recognised at the annual Inspiring Aberdeenshire awards ceremony. Ten award categories included 'Best of' for Banff & Buchan, Buchan, Formartine, Garioch, Kincardine & Mearns, and Marr and winners included community volunteers, employees who had made an outstanding contribution to education, and children in our schools.
- A new partnership with The National Autistic Society Scotland was agreed which will make the area Scotland's first 'autism-friendly' region.
- At the 2015 Scottish Awards for Quality in Planning, the Proposed Local Development Plan Short Films won the Quality of Service category and Chapelton Delivery Process was commended in the Delivering in Partnership category.

- Our Head of HR named Outstanding HR Director in the North East of Scotland
- 35 awards at Loo of the Year Awards in the 2015 search to find the best 'away from home' toilets in the UK including Scottish winner of the most environmentally friendly Local Authority award.
- Our Head of ICT named Scotland's Digital Leader of the Year.
- Once again Aden Country Park was recognised as one of the best green spaces in Scotland with a prestigious Green Flag award; and for the second year running it has been joined by Haddo Country Park.

Challenges & Opportunities

A range of key legislative changes have a significant impact on our communities and the council. For example the Community Empowerment (Scotland) Act 2015 empowers community bodies through the ownership of land and buildings, and by strengthening their voices in the decisions that matter to them. The Act requires local authorities to work more closely with communities to meet the needs of those who use services. This will require the council to consider existing policies, procedures and service delivery models.

The Scotland Act 2016 will impact on the council, particularly in relation to welfare benefits, consumer advice and advocacy and road powers. Welfare Reform Acts have, and will continue to, make major changes to the benefits system. For example The Welfare Reform and Work Bill received Royal Assent on 16 March 2016 and it is expected that a reduced benefit cap will be in place prior to 2017. The council is assisting residents with these changes and has significantly changed aspects of service delivery to provide advice and support to maintain tenancies and manage increased applications for discretionary payments.

The Community Justice (Scotland) Bill was introduced in parliament in May 2015. This Bill outlines plans to replace the eight regional Community Justice Authorities (CJAs), including the Northern CJA that Aberdeenshire Council is part of, with a new model for community justice services based around a new national body, Community Justice Scotland (CJS), and local Community Justice Partnerships. These partnerships include the council, NHS Grampian, Police Scotland, Scottish Prison Service and Skills Development Scotland amongst others. 2015/16 is identified as a transition year and a plan to implement the new partnership in Aberdeenshire has already been developed. The focus for the partnership is around managing offenders, preventing and reducing reoffending and the harm that it causes, whilst promoting social inclusion, citizenship and desistance.

A recent review of planning in Scotland identified 48 recommendations for the Scottish Government to consider. With the aim of 'delivering great places now, and for future generations', the recommendations included strong and flexible local development plans, which should be updated regularly with a 20-year vision, and an enhanced national planning framework. Recommendations also focus on delivering more, better housing, and improving infrastructure. Engagement is enhanced with proposals to make it obligatory to consult community councils and young people on development plans and breaking down barriers to greater involvement in planning. If the recommendations are accepted, it will result in a fundamental change to the planning system in Scotland.

The Children & Young People Act 2014 brings together and strengthens separate legislation on children's services and children's rights into a single comprehensive framework that includes early learning and childcare, Getting It Right For Every Child (GIRFEC) including looked after children, providing

additional support through kinship care orders. Innovative solutions will need to be found to deliver quality services supporting the Act, such as an increase in childcare places for 2, 3 and 4 year olds at a time when there is continued pressure on local authority funding.

The Housing (Scotland) Act is ending the right to buy in Scotland and will give social landlords more flexibility in the allocation and management of their housing stock and introduce a first tier tribunal to deal with disputes in the private rented sector. It will also give local authorities new discretionary powers to tackle disrepair in the private rented sector.

Whilst communities in Aberdeenshire continue to generally enjoy one of the highest quality of life in Scotland there continues to be inequality with five areas in Aberdeenshire being in the 15% of the most deprived areas in Scotland. The sustained reduction in the world price of oil continues to impact on investment and major cost-cutting by businesses involved in the oil sector. This downturn has impacted on other businesses across the region. The council needs to create conditions to support community regeneration and ensuring sustainable economic growth by attracting and supporting business and industry, encouraging the development of a diverse economy whilst still providing support to the existing oil and gas sector.

Enabling affordable housing and sustainable transport links continue to be a priority for the council. Key to this is the Aberdeen City Region Deal which allows for a much bigger say on investment, skills and exports and will allow the region to coordinate funds directly. Businesses in the area should be able to operate in a much more supportive environment through better links to national and international markets, accessing to training opportunities and a modernised and improved transport infrastructure.

The council continues to face financial challenges and opportunities to become more efficient or do things differently are actively pursued. The council already has a number of shared services with other local authorities and options for service delivery through this approach or through options such as arms-length organisations will be further considered.

Our Principles

Underpinning everything the council does are a number of principles. Examples of how we demonstrate these principles day to day include:

- identifying and delivering services which **prevent** problems and ease future demand on services by **intervening early and enabling better outcomes and value for money**

The Welfare Reform Act 2012 brought about major changes to the benefits system. Recognising the potential impact on the Act on some housing tenants, a holistic housing and money advice service for new social sector tenants was piloted in the Buchan area, offering advice and assistance to vulnerable housing applicants who had been made an offer of permanent housing with a view to identifying how this type of preventative support could help tenancy sustainment. As a result of the pilot, rent arrears in Buchan built up more slowly than in other areas of Aberdeenshire. In addition As a result of the support offered, there was also a financial gain of £24,494.72 for tenants.

- giving our communities more opportunities to **influence and control matters** which affect their lives and understanding **enhanced community engagement and participation**

In November 2015 we asked residents to have their say on the priorities for the 2016/17 budget. A questionnaire, split into four themes – Services, Communities and People, Efficiencies, and Investment, was completed by 1,318 people and their views helped to inform the decisions made by Aberdeenshire Councillors in setting a balanced budget and ensuring that the council continues to deliver a range of valued local services to communities.

- supporting our communities to **develop and sustain their own abilities** to face change and respond to opportunities and challenges – **building capacity and resilience**

Following the impact of Storm Frank in December 2015, the council developed a strategic flood recovery plan, with the core aim of “Working with local communities to restore Aberdeenshire to normality” and ensuring that local communities are engaged, consulted, informed and supported at all stages of the recovery process. All communities impacted by Storm Frank contributed to the development of Local Flood Recovery Plans which identify local actions. In addition across Aberdeenshire, 683 grants were paid to households and 98 businesses to support recovery and a further 28 businesses received grants due to loss of business.

- understanding that some of the best solutions to respond to local challenges come by **connecting people, communities, areas, organisations and ideas**

Community Action Planning is a process through which communities have the opportunity to identify their own priorities and tackle the issues which are important to them. There are over 70 Community Action Plans in across the six administrative areas of Aberdeenshire identifying priorities such as community café’s, village pavements, sports facilities and children’s play

areas. Actions identify how these priorities can be delivered and what additional support might be necessary.

- **working together** with communities and local organisations (including other public sector, voluntary and private sectors) to **deliver efficient, improved services**

By supporting Aberdeenshire Voluntary Action, we ensure Aberdeenshire's vibrant Third Sector plays an ever-growing role in the design and delivery of high-quality public services that continue to meet the needs and aspirations of Aberdeenshire's communities over the coming years. And our ongoing funding of rural partnerships (independent organisations, created and managed by community representatives) supports communities develop their own prioritised action plans, as well as building capacity for groups and individuals in projects, mentoring and assisting them source funding that can support and encourage community led projects.

- ensuring we consider how we can positively **contribute to a more equal society** through **advancing equality and good relations** in our day-to-day business

By undertaking Equality Impact Assessments on all aspects of the budget savings proposed for 2016/17, the overall impact of the savings on those with protected characteristics identified that over three quarters of the savings proposed would have a neutral impact on those with protected characteristics.

- **managing and supporting environmental, social and economic demands** to meet the needs of communities **now without compromising their future**

Aberdeenshire Council will become one of the first councils in the UK to produce a carbon budget to sit alongside its Revenue, Capital and Housing Revenue budgets for 2017/18. In a unanimous statement of support, all councillors attending Aberdeenshire Council's meeting of full council agreed to the development and setting of a Carbon Budget and a Climate Change Policy and Action Plan 2016 – 2020. By considering all the council's budgets at the same meeting, there will be greater clarity on how the decisions being made in relation to sustainability impact on the council's capital and revenue budgets. The areas with the highest emissions across the council are energy/property, street lights, transport and waste and significant actions are needed to reduce these over the next few years.

- ensuring services meet the needs of communities in terms of **quality, competitiveness, efficiency, continuous improvement and accountability.**

Seeking feedback from our residents every month about how well we are delivering services, how efficient we are and if we take views into account when making decisions as well as asking what we could do better.

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 2015/16?

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 been 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	17	3	0
Strong & Sustainable Communities	15	12	0
Caring for Communities	15	10	2
Public Service Excellence	31	10	6
Totals	78	35	8

Outcome:			
No. of Indicators			
Lifelong Learning	17	1	2
Strong & Sustainable Communities	18	0	7
Caring for Communities	15	1	6
Public Service Excellence	36	2	6
Totals	86	4	21

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 2015/16 compared to an average of performance over the previous three years. In 2015/16, there is an increase in the number of indicators on target compared to 2014/15 and an increase 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.

Summary of Complaints 2015/16

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 2015/16 complaints received were:

Total complaints	1785
Total resolved at stage one and within timescale	1046
Total that went to stage 2 and were resolved within timescale	739
Total complaints partially or fully upheld	562
Investigations by Scottish Public Sector Ombudsman	48
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.

Ms T and Mr E wrote to complain to one of our Primary Schools regarding the transportation used by staff for a trip to a P3/P4 badminton tournament. The customers' main concerns were that they did not receive information regarding the trip in a timely manner, the permission slip completed did not detail the mode of transport to be used and that they were never made aware of the nature of the transport even after the event.

This was logged at Stage 2 of our Complaints Handling Procedure and the Quality Improvement Officer investigated the matter. The investigation found that all of the points raised by the customer were valid and the complaint was therefore upheld.

The school recognised that the decision making in relation to this trip was the result of a lack of training in this area and as a result undertook to ensure that the Head Teacher and all school staff involved in school trip planning undertook the appropriate training as a priority.

In addition to this, they planned a review of the policies and procedures in place at the school relating to the planning, preparation and delivery of school excursions in line with Aberdeenshire practice and policy. The school also

carried out a review of the paperwork used for planning and communication with parents to look for improvements.

To ensure the customers that the appropriate action would be taken, the Quality Improvement Officer worked with the Head Teacher at the school to until each of the recommendations were fulfilled. The Quality Improvement office also arranged for the Head Teacher to contact the customers directly and apologise for any distress caused.

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 (2015) 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.

The council's next self-assessment and evaluation will be undertaken during 2016/17.

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, further, 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. Whilst acknowledging this, the LAN continues to have some concerns that the pace and scale of delivery is not yet sufficient to fully meet the council's objectives and address its longer term financial challenges. In addition, it is unclear whether the opportunities afforded by health and social care integration – in terms of new, more efficient and effective ways of service delivery – are in the process of being realised.

- **Housing and homelessness:** To assess the risks to social landlord services SHR 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 & Audit 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; calculation of the council tax bad debt provision; and revenue recognition and these have been incorporated into the Action Plan for addressing. Three uncorrected misstatement, all immaterial, were highlighted. There is also scope to ensure the Annual Governance Statement is fully compliant with best practice and this will be incorporated into revised financial statements. 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 final outturn position reported a £4.784 million use of reserves, resulting in an underspend of £7.239 million against an overall budget of £550.022 million. Variances were reported to the Policy and Resources Committee throughout the year, with a final report to the full Council and Scrutiny and Audit Committee meetings in June 2016.
Financial Sustainability	<p>Financial sustainability continues to be one of the most significant challenges and risks for Aberdeenshire Council.</p> <p>While some progress is being made in terms of long term financial planning through the MTFS, we continue to have some concerns that the pace and scale of delivery is not yet sufficient to fully meet the Council's objectives and address its longer term financial challenges.</p>
Governance & Transparency	<p>The Council and its Committees met regularly throughout the year to oversee governance and performance monitoring.</p> <p>The Council is progressing its Future Governance review incorporating a review of all aspects of its decision making structure, with a planned implementation date of January 2017.</p>
Value For Money	<p>We have considered the adequacy of the Council's arrangement for collecting, recording and publishing accurate and complete information in relation to the Statutory Performance Indicators and noted no issues.</p> <p>We have also noted that, while still at early stages, it is clear that the Council are aware of the requirements in relation to the Community Empowerment Act and is making plans to develop policies and strategies.</p>

As a result of the audit, 11 areas for improvement have been recommended. Of these, 4 are a carry forward from the previous audit. All areas for improvement are identified as medium priority. The council will develop an action plan to progress the recommendations.

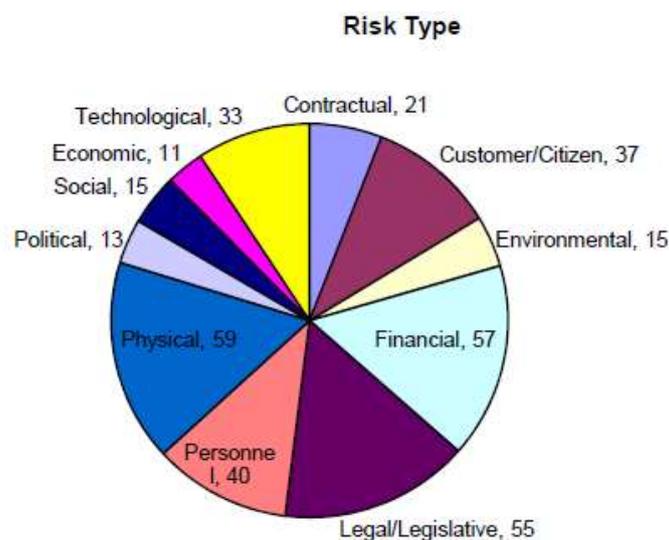
Managing Our Risks

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. Financial cost, service disruption, bad publicity, threats to public health and claims for compensation are among the most obvious.

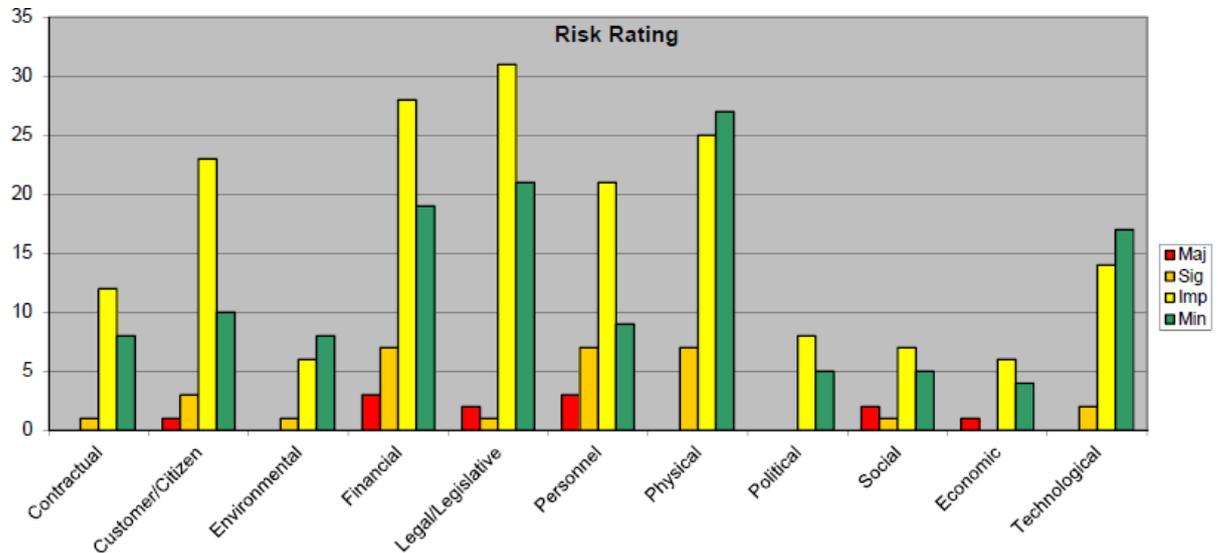
On a day to day basis the council requires to manage risks that impact on its strategic and operational objectives. Effective risk management enables delivery of quality customer focused services in support of the council's vision and priority outcomes.

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 regularly identify and review risks as part of the council's Risk Management Policy and Procedures. As at March 2016 there were a total of 356 risks across all services – this is fewer than at March 2015. These can be summarised by type of risk:



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. The majority of the identified risks for the council are categorised as Minor or Important.



An example of a Significant Risk is 'Compromise of confidential information'. An example of the mitigating action the council would put in place to reduce the probability of the risk happening would be to ensure there are adequate IT procedures, data protection procedures and staff training. A Minor risk would be 'Absence of an infectious disease plan' and the action to reduce the risk would be to put in place an Infectious Disease plan and an Incident Management framework.

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

- **£1,141 Band D Council Tax (Scottish average = £1,149)**
- **44% - budget expenditure on staffing**
- **98.6% - 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 the wide range of services that it currently does. 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.

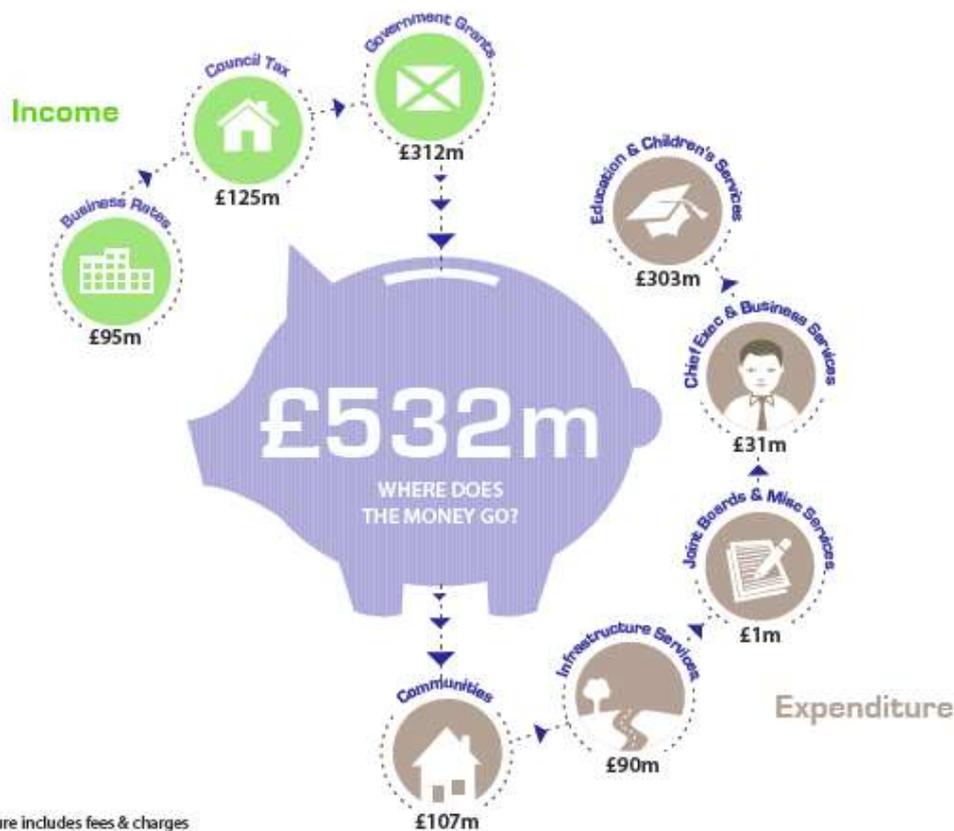
The preparation of a five-year budget will help ensure the financial stability of the council. Medium and longer-term financial planning is essential, particularly in the current economic climate as the council has to review spending priorities, make choices and realign service provision with the priority 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 consult and 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 2015/16

The funding which makes up the 2015/6 budget came from different sources. This includes money from Aggregate External Finance, Fees and Charges and Council Tax. The infographic below summaries key aspects of our budget, income and expenditure.

BUDGET 2015 - 2016



Net Revenue Expenditure 2015/16

Service	Expenditure £	Cost per head of population £
Education & Children's Services	£303,000,000	1,156.67
Communities	£107,000,000	408.46
Infrastructure Services	£90,000,000	346.56
Chief Executive & Business Services	£31,000,000	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 2015/16 saw over £100 million spent on General Fund projects and a further £29 million spent on the Housing stock improvements and new build programme. Examples of some of the key projects delivered during the year are given below:-

- During 2015/16 significant progress was made by Housing in delivering stock improvements to ensure it could achieve the Housing Quality Standard 2015. A range of affordable housing was also provided as well as a number of very sheltered housing conversions.
- House Building - during the year work was begun on phase 5 of the council's new build housing programme.
- Ellon Academy Community Campus. The £36 million project, part-funded through the Scottish Futures Trust, made significant progress during the year and opened on time in August 2015. The 1200 capacity school campus features school facilities including modern classrooms and learning zones, a library and canteen, along with a theatre and drama studios, kitchen and five multi-purpose rooms for community use. Sports and leisure facilities include a five-lane 25 metre swimming pool with additional trainer pool, a four-court games hall, two additional sports halls and a fitness suite.
- Kemnay Academy – During the year the refurbishment of the school site was taken forward providing a new £14.3 million extension. The extension includes a social area, fully-equipped gymnasium as well as new music rooms and additional support for learning facilities. A biomass heating plant has also been installed.
- Family Resources Centre in Victoria Road in Inverurie. Costing over £2 million the new centre was designed to expand Aberdeenshire Council's complement of Family Resource Centres across the area to 10. A full range of social work and multi-agency activities can be undertaken within a modern, accessible, family-friendly environment.
- St James Court in Inverurie – a new £5 million extra care housing complex for adults with learning disabilities. The building situated on St James's Place, Inverurie just across from Inverurie Hospital, incorporates 24 self-contained apartments with associated communal spaces. The facility is a cross between residential accommodation and healthcare. As well as the apartments and communal facilities it also includes a patio and seating area within a courtyard area, plant beds, grassed areas, trees and shrubs.
- Inverurie Children's Home in Old Kemnay Road – the replacement children's home was during 2015 at a cost of £1.3 million.
- Fraserburgh Westfield Hub Family Centre – completed in mid-September 2015 at a cost of £1.7 million.
- Alford Community Campus – this replacement primary and secondary school was scheduled for completed in Spring 2016 at a cost of £37 million, part funded through the Scottish Futures Trust.
- Buchan House - a £5million council office in Peterhead was officially opened in June, marking a milestone in the improvement of local services. Buchan House, a one-stop-shop for a range of council services, is Aberdeenshire Council's new area headquarters. The new building has transformed a derelict and brownfield site at St Peter Street, contributing to ongoing regeneration efforts in the town. The whole project was based on reducing the whole-life costs of the building and ensuring efficiencies could be reinvested in public services in the area. Staff spanning Communities, Education and Children's

Services, Infrastructure Services and Business Services are located within the new office.

Examples of some of the key projects in progress include:-

- Aberdeen Western Peripheral Route – the Council is contributing nearly £75 million to the cost of the project. Commenced in February 2015 the £750 million project should be completed by the winter of 2017.
- Drumoak Primary School – this replacement primary school was completed in summer 2016 at a cost of £8 million.
- Affordable Housing – An innovative development of 30 units for rent in Barrasgate, Fraserburgh jointly funded with the Scottish Government Greener Homes Innovation Scheme. Completion due September 2016. 24 units for rent across a range of property types and sizes in Inverurie with completion in August 2016. A further 95 units to be built across Aberdeenshire as part of phase 6 of the council's new build affordable housing development.
- Markethill Primary School – a replacement school is now under development with expected occupancy in 2017
- The continued development of community and leisure facilities in Banff and Macduff including a new pitch and pavilion at Macduff and new football pitches, running and cycling tracks, upgraded tennis courts and refurbishment of the swimming pool at Banff. The overall investment is approximately £12.7million.
- Hillside School, Portlethen new build – the £13million building will initially have an approximate school roll of 165 rising to 350 with 62 members of staff. The 13-classroom school will also will feature two GP rooms, a gym, library, a nursery, nature garden and grass football and all-weather pitches and space for 75 cars. Work is expected to be completed by November 2016 so the school can open its doors in 2017.
- Peterhead Academy - Aberdeenshire Council has been successful in its bid for £260,000 from the Inspiring Learning Spaces fund for the remodelling of part of Peterhead Academy. The Inspiring Learning Spaces fund encourages the creation of spaces for flexible learning and allows closer partnerships between schools and further education, in line with the Curriculum for Excellence. The area in the academy proposed for development is currently used as four large separate classrooms and it is envisaged that the space will be opened up and remodelled to create an innovative learning environment allowing both pupils and staff to come together, share and learning positively from each other.

Appendix 1

How We Measure Up – Our Performance 2015/16

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 page 17 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, 2, 3 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).

Statutory Performance Indicator 2 (SPI2) focuses on service performance – areas such as roads and lighting, housing, children's services, community care and planning services.

SPI 1 and SPI 2 are 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 and SPI 2 under the headings defined by Audit Scotland.

Statutory Performance Indicator 3 (SPI 3) 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 2014/15 and you can see it [here](#). These indicators will be updated for 2015/16 by the end of 2016 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 2016/17

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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