

**APPENDIX 1**

**Annual Performance  
Report 2017/18**

**27 September 2018**

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## Foreword

Welcome to Aberdeenshire Council's Annual Performance Report for 2017/18. In March 2013 Aberdeenshire Council adopted the Council Plan 2013-2017 which sets out the core objectives for the Council and the priority outcomes to be delivered during the life of the plan. This is the final Annual Performance Report for the Council Plan 2013-2017.

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

Despite challenges in the last 2 or 3 years, the North East of Scotland remains one of the most active economies in the UK. The region recognises its strengths but also acknowledges its vulnerability and the continuing need for action and investment to secure future prosperity and employment. In May 2017 permission was granted for the development of the Innovation Hub, at the Oil & Gas Technology Centre in the centre of Aberdeen. Supported by funding from the City Region Deal, the Hub is a unique state-of-the-art facility, bringing the oil and gas industry and technology providers together to develop break-through solutions. Its development and potential, has been key in enabling the realisation of the economic vision, build on the strengths and create opportunities for the region to flourish.

In September 2017, a Pre-Appraisal was commissioned in accordance with Scottish Transport Appraisal Guidance as the first stage of the Strategic Transport Appraisal component of the City Region Deal, which looks to take a 20 year strategic view of the key transport requirements of the region across all modes of transport.

The Princess Royal visited the £12.7m newly opened Deveron Sports Village in April this year and viewed the impressive facilities including gyms, sports halls, all weather pitches and swimming pools. Provost Bill Howatson marked the construction of the £7.7m Banchory Sports Village in February. Uryside Primary School was officially opened on 15 December boasting 20 classrooms with a capacity for 540 pupils.

Senior Aberdeenshire pupils have once again achieved very good exam results. This is a testament to their hard work and encouragement from teachers, parents, guardians and carers. The percentage of S6 pupils leaving with 5 or more Highers increased from 32% to 37% and at Advanced Higher level the number achieving an award remained a healthy 24%. The number of S4 pupils who achieved 5 or more National 5 qualifications rose from 50.1% to 52.7%, an improvement of 2.6% compared with the previous year.

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

Jim Savege, Chief Executive



## Introduction

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

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

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. In 2017/18 we continued to focus on priority projects being delivered through 2016/17 as we progress towards implementation of the new Council Plan and Priorities 2017-2022.

We have asked residents what they think about the performance of the council, the type of performance information we publish and how we could improve our public performance reporting. Surveyed through our Citizens Panel, 81% of respondents were positive or neutral about how the council keeps residents informed about performance. The services which respondents felt it was most important for the council to communicate performance information on were:

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

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 – [Strategy and Performance](#)

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

- [Quarterly performance monitoring](#)
- [How Good Is Our Council Evaluation](#)
- [Reputation Tracker](#)
- [Local Scrutiny Plan](#)
- [Audit of Best Value](#)
- [Annual Audit Report](#)
- [Local Performance Indicators](#)
- [Statutory Performance Indicators \(Local Government Benchmarking Framework\)](#)
- [Service Plans](#)
- [Council Plan 2013-2017](#)
- [Complaints Monitoring](#)

The Public Performance Reporting Calendar at the end of this report also contains links to performance information that will be published through 2018/19.

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](mailto:performance@aberdeenshire.gov.uk) or contact our Strategic Policy Lead (Performance) by phone: 01467 539735

## Getting Involved

Consultation and public engagement lies at the heart of Aberdeenshire Council's approach to service improvement and development. By consulting and engaging with our communities, citizens, customers, employees and other stakeholders, we can make use of the information received and ensure that our plans, priorities and actions are fully informed. Feedback from all our consultation events is published on our website [here](#).

A few examples of consultations and public engagements are outlined below:

- A comprehensive engagement programme was undertaken between July and October 2017 to develop the new council priorities. The findings from this engagement informed a refinement of the priorities. There were over 1500 residents, community groups, partners and councillors involved in the engagement through the online survey, with a further 200 people engaged face-to-face through community events and workshops.
- The Aberdeenshire Children's Services Plan (2017-2020) was established to listen to children, young people, parents, carers, and people who work helping families. Over year one of the Plan, 'Aberdeenshire's Children and Young People's Charter' has been produced with children and young people's view and was created through 6 development stages with the introduction of **#ABZYAP Youth Participation and Engagement Event** as the launch pad to support increased Youth Engagement and Participation in Aberdeenshire. #ABZYAP was held in August 2017 at Thainstone Exchange, Inverurie, and was hosted by Aberdeenshire Council with a range of partner organisations supporting the day. Around 130 young people from all Aberdeenshire Secondary Schools took part, including members of the Young People's Organising and Campaigning (YPOC) Group (run by care experienced young people), children with Additional Support Needs, and some of our Young Carers. Several Aberdeenshire Members of Scottish Youth Parliament (MSYP's) were involved in organising the event, and delivered a youth participation workshop to their peers, on the day with 17 Youth Platforms launched across Aberdeenshire. #ABZYAP trended 3<sup>rd</sup> on Twitter that day, beaten only by the new South Queensferry Crossing and the Great British Bake-off.
- Transport Scotland's proposals for the £24 million A90/A937 junction at Laurencekirk have gone on display for members of the community. The preferred flyover option replacing the existing junction south of Laurencekirk has been chosen by Transport Scotland. The A937 carries over the A90 on a new bridge with a roundabout either side of the bridge. A link road would provide replacement access to Johnston Lodge and Johnston Mains from the eastern roundabout. The centre and north junctions at Laurencekirk from the A90 would remain open. Three options had been put on display last year for members of the community to have their say on.

## A Day in the Life...

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

- Spend £2m delivering services across Aberdeenshire
- Have 0.7 new Affordable Homes developed
- Treat 1,674 kilometres of road against ice and snow (November-April)
- Process 7 planning applications
- Assist 2.7 business start-ups through Business Gateway
- Spend £404,530 spend on delivering capital projects
- Residents swim 23,840 kilometres in leisure centres
- Received 806 museum visitors
- Carry out 16 occupational therapy assessments
- Are followed by 31,623 people us on Twitter
- Receive 124 job applications
- Register 24 birth, deaths, partnerships/marriages and British Citizenship ceremonies
- Deal with 809 calls through our contact centre
- Recycle 214 tonnes household waste
- Collect £640,481 council tax income
- Educate 35,649 pupils within 151 primary schools 17 academies and 4 special schools

(Based on an average working day)

## Successes

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

- Regeneration activities in Fraserburgh hit a key milestone with Aberdeenshire Council funding agreed to create a new Enterprise Hub in the town centre to be known as The Faithlie Centre providing help and support for residents thinking about starting or growing their business and is run in partnership between the Council and Elevator
- The first winner of an award in memory of Aberdeenshire Council's former head of housing, Douglas Edwardson, was chosen this year. Chloe Dunn from Rosehearty was named as Young Tenant of the Year at the annual tenant's event held by the Tenant Participation Promotion Team in October 2017
- Secured a £250m investment by the UK Government and the Scottish Government in an £820m City Region Deal programme, with a significant focus on innovation in our key sectors of oil and gas; food, drink and agriculture; life sciences; and digital infrastructure.
- Introduction of 'Housing First Pilot' to reduce repeat homelessness to a small number of clients to provide permanent accommodation who have multiple complex needs and provide wrap around support
- Two new Business Improvement Districts in Inverurie and Peterhead, and an extended harbour in Peterhead with one of the largest fish markets in Europe
- National sports awards for innovation and achievement in delivering PE and extra-curricular sport were presented to The Gordon Schools in Huntly, Ellon Academy Community Campus and Meldrum Academy who all achieved Gold status. Aboyne Academy, Barthol Chapel Primary School, Elrick Primary School, Lairhillock Primary School, Markethill School, Mearns Academy, Midmar Primary School, Skene Primary School and Westhill Academy all received silver status. Crombie School achieved bronze status
- In 2017, Aberdeenshire Council rolled-out Microsoft Office365 to all staff with a Council email address, some 4,872 users enabling collaboration, affording significant cost savings, and allowing employees to work more flexibly and efficiently

## Challenges & Opportunities

Our most recent Strategic Assessment has identified the following challenges and opportunities:

- The North East of Scotland is among the most prosperous regions in the UK. Despite recent economic impediments, the long-term growth trend will likely continue over the forthcoming decade.
- The challenge for Aberdeenshire is to both support and develop traditional industries whilst encouraging innovation and diversification into new areas and to continue to make the region a more attractive proposition for visitors and investors, as well as current and prospective residents. This entails, among other things, continuing to improve infrastructure (digital, transport and housing), and ensuring future skills requirements are met in an age of increasing automation.
- Many parts of Aberdeenshire are classed as rural and as such, although their population density is less than the main towns, good connectivity is essential. The Scottish Government has committed to developing and delivering world class digital infrastructure across Scotland by 2020. Current coverage is inadequate and digital providers appear reluctant to invest in the necessary infrastructure. Reliable digital infrastructure development in the North East will only be delivered through committed and coordinated partnership between public and private sector partnerships.
- Transport Infrastructure in Aberdeenshire is improving, the long awaited AWPR is due to open in 2018 and will significantly improve travel times for residents and businesses.
- Levels of attainment are generally increasing across Aberdeenshire for both primary and secondary school pupils, and Aberdeenshire pupils tend to outperform their Scottish counterparts in terms of literacy and numeracy.
- An attainment gap exists within Aberdeenshire. However, that gap is narrowing.
- An increasing child population will put pressure on school rolls. Over-capacity issues will affect several schools throughout Aberdeenshire over the next few years. Several promising initiatives/projects are underway to negate these developments, such as the community campuses at Peterhead and Inverurie.
- Large scale changes to the childcare system in Scotland, namely the plan to almost double the level of childcare by 2020, while generally welcome, poses significant risks due to the scale of the challenges in

finding a new workforce and ensuring facilities are appropriate and fit for purpose within the timeframe provided.

- Principles of the expansion centre on high-quality, accessible, affordable and flexible ELC provision. Consistent, flexible service provision may prove challenging in remote and/or small communities, and in some cases will be more expensive to deliver.
- There are health inequalities in Aberdeenshire, which, if left unchallenged, will present the NHS, H&SCP and the Council with significant challenges in future. To do nothing is not an option.
- Early intervention to tackle mental health issues earlier can be more cost effective in the long term. The support for people with mental health problems will need to come from a variety of sources – council, health services and youth justice.
- In 2010 it was suggested that 40% of the Scottish population could be classed as obese by 2030. Campaigns to get the population to be more active have not been very successful. This suggests that health improvement activities to reduce obesity need to be more targeted.
- Housing has an important influence on poverty and health inequalities in Scotland.
- As Health and Social Care integration evolves with fully established partnerships, opportunities should emerge to enhance joint planning and delivery between Housing and the Partnership.
- The roll out of Universal Credit (Social Security Reforms) will have an impact on both revenue and service users.
- Most affordable housing in Aberdeenshire is provided through section 75 agreements with developers and any slowing of the build-out rate may make affordable housing targets difficult to deliver.
- There is a need to reduce costs associated with delivering health and social care in Aberdeenshire. Increasing population and changes in household composition, workforce supply and the availability of financial resources will require transformation of Services. This will include delivering services digitally however the digital network is not currently capable of delivering the speed and reliability required.
- Working in partnership Aberdeenshire Health and Social Care partnership (AHSCP) and the council are committed to raising the profile and importance of health and wellbeing. This can be in their own workplaces, communities and schools encouraging pupils and staff to overcome existing behaviours and choose healthier behaviours.

- Aberdeenshire Council's Housing Service is facing the same demographic challenges as AHSCP. They both have the same shared objective of increasing resilience and empowerment within the community
- Aberdeenshire is often thought of as a region without poverty. Indeed, it includes two parliamentary constituencies with the lowest levels of child poverty in Scotland and the UK. However, there are pockets of poverty in Aberdeenshire leading to inequality for some people.
- Experiencing or growing up in poverty affects people's lifelong decision-making style. People living in poverty make decisions based on coping with present stressful circumstances often at the expense of future goals. This means that people may not reach their true potential and never climb out of poverty.
- Councils in Scotland received a further real-terms reduction in their funding from the Scottish Government in 2017/18, reflecting the overall trend and direction of travel. This is against the backdrop of increasing cost pressures, and, in the context of Aberdeenshire, a relatively low Settlement Grant per head of population. The greatest stress on future budgets (besides real terms reductions) will likely come from demographic changes.
- Aberdeenshire Council has made significant commitments to 'decarbonise', that is, to reduce CO<sub>2</sub> emissions. The Council was the first in Scotland to develop and approve a Carbon Budget process
- Further efforts are required to ensure carbon is being considered in all reports, proposals and projects so that the council's own reduction targets are met. Making the link to financial savings has and will continue to be key.

## Our Priorities in 2017/18

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

The projects are:

**Peterhead Campus** – A further commitment to making progress on the plans for a new £71million community campus in Peterhead has been taken whilst work has been underway for several months to progress towards the new campus, which has been formally incorporated into the Capital Plan. Meanwhile, alongside the school, there are a series of significant capital programmes identified for Peterhead around early years, Health and Social Care, Housing and Community Facilities/well-being. There is also the regeneration work which these wider capital programmes impact on. Peterhead is one of the areas focused on by the Community Planning Partnership's Locality Planning approach. As a result, the Buchan Area Committee recently signed off the creation of a 'master-planning' approach for the town. As part of this new approach, officers from across services will work together on ensuring the community campus is built as soon as possible and ties in with other community projects.

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

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

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

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

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

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

## Delivering Our Priorities

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

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

These core outcomes can broadly be aligned to the Policy Committees that support and govern relevant workstreams across the council.

### How Did We Do In 2017/18?

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

### Performance Scorecard:

	<b>Council Plan 2013-2017</b>
	<a href="#"><u>Lifelong Learning (aligned to Education &amp; Children's Services Policy Committee)</u></a>
	<a href="#"><u>Strong &amp; Sustainable Communities (aligned to Infrastructure Services Policy Committee)</u></a>
	<a href="#"><u>Caring for Communities (aligned to Communities Policy Committee)</u></a>
	<a href="#"><u>Public Service Excellence (aligned to Business Services Policy Committee)</u></a>

## Performance Trends:

Key:			
	At least 50% of measures in this outcome are significantly below target (red)		Performance Improving
	At least 25% of measures in this outcome are slightly below target (amber)		No Change or New Measure
	The majority of performance measures are on target		Performance Declining

Outcome:			
<b>No. of Indicators</b>			
Lifelong Learning: APPENDIX A	11	1	2
Strong & Sustainable Communities APPENDIX B	14	13	1
Caring for Communities APPENDIX C	10	5	0
Public Service Excellence APPENDIX D	17	11	1
<b>Totals (5 with data outstanding)</b>	<b>52</b>	<b>30</b>	<b>4</b>
Outcome:			
<b>No. of Indicators</b>			
Lifelong Learning APPENDIX A (1 with data outstanding)	11	1	2
Strong & Sustainable Communities APPENDIX B	22	3	3
Caring for Communities APPENDIX C	13	1	1
Public Service Excellence APPENDIX D (4 with data outstanding)	23	1	4
<b>Totals</b>	<b>69</b>	<b>6</b>	<b>10</b>

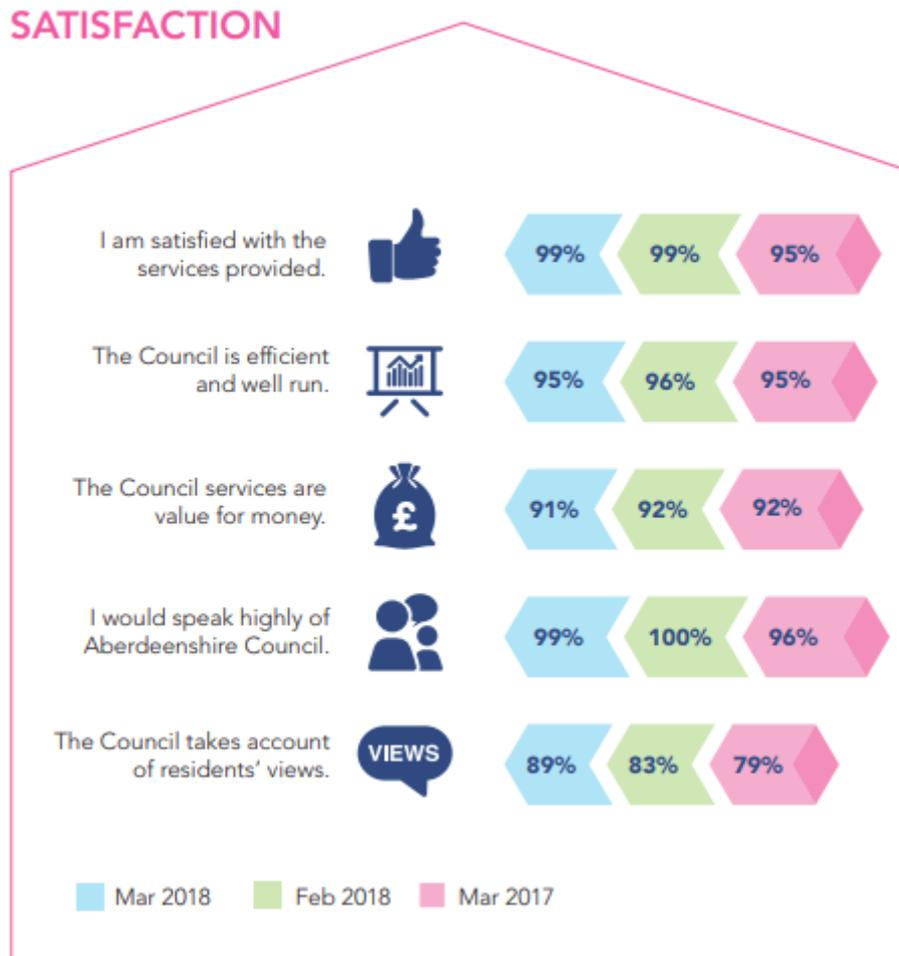
Trends are based on performance as at 2017/18 compared to an average of performance over the previous three years. In 2017/18, there is an increase in the number of indicators on target compared to 2016/17 and an increase in the number of indicators demonstrating long term improvement.

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, 'the number of waiting list applicants who access affordable housing' recognises that this indicator looks at the number of applicants on our waiting list who have accessed affordable housing during the year to date. It includes applicants who have been allocated a council house, as well as those successfully nominated by Aberdeenshire Council to Registered Social Landlords. This demonstrates that we are providing access to affordable housing for applicants who may otherwise be unable to secure housing. The number of new tenancies created in the quarter is only slightly above target. 1264 new tenancies have been created this year as a result of terminations of Aberdeenshire Council properties and nominations to RSL partners being let in the period. This compares to 1384 in the same period last year. We are not in control of the number of tenancies being terminated however a number of properties being held for Internal Wall Insulation Works (IWI) limits the number of properties available for relet in the short term. In addition, fewer new council houses were completed in 2017/18 than in 2016/17, which will have an impact on the number of properties available for let through the year.

## What You Told Us

Every month an independent research company asks 150 residents how we are performing as a council. This is what you said in March 2018 and in March 2017.



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

**OVERALL SATISFACTION**

		Mar	Feb	Jan
Local Schools		100%	100%	96%
Social care or social work services		100%	100%	95%
Libraries		100%	100%	100%
Museums and Galleries		100%	99%	98%
Parks and open places		98%	96%	98%
Leisure facilities		98%	100%	93%
Refuse collection		100%	99%	93%
Street cleansing		98%	96%	89%
The quality of customer services		98%	98%	98%
Roads maintenance		29%	36%	35%
Housing Provision		77%	69%	64%

## Summary of Complaints 2017/18

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 2017/18 complaints received were:

Total complaints	1,816
Total resolved at stage one and within timescale	1,219
Total that went to stage 2 and were resolved within timescale	597
Total complaints partially or fully upheld	589
Investigations by Scottish Public-Sector Ombudsman	53

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

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

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

Ms M, who works for an advocacy and support agency, complained on behalf of her client (Ms A). Ms A said that the council delayed in awarding free personal care to her mother when she moved into a care home. Ms A was also unhappy with the way the council dealt with her subsequent complaint.

Following discussions with the SPSO, the council acknowledged that they had missed an opportunity to join up their different services so that they could provide Ms A's mother with a comprehensive service. The council apologised for this failure and agreed to reimburse the full free personal care contribution being claimed by Ms A as a resolution.

As Ms A was happy with this outcome, the SPSO closed the case as resolved.

## What Others Told Us

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

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

### Shared Risk Assessment

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

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

- **Financial Sustainability:** Financial sustainability continues to be identified as an area of concern. In 2016/17, the council overspent its revenue budget by £1.7 million and the forecast outturn for 2017/18 is an overspend of around £3.0 million. Whilst these overspends are less than one percent of total revenue expenditure, they begin to highlight the increasing financial pressure being faced by the council. The council continues to develop its Medium Term Financial Strategy to ensure a structured view of the revenue budget, capital plan and council reserves allowing the council to plan for the full financial impact of decisions taken now on future years' budgets. By taking a longer-term view of its financial position, the council should be better placed in managing the anticipated shortfall. 9. The LAN agreed that there would be ongoing oversight and monitoring through the local audit process of the

council's financial position and its plans to address the five-year cumulative shortfall.

- **Education and Children's Services:** In November 2017, Education Scotland reported on community learning and development (CLD) in Aberdeenshire. CLD partners within Aberdeenshire and the geographical area of Peterhead and Mintlaw were inspected. A range of strengths were identified including leadership at all levels, effective and ambitious community organisations existed led by skilled volunteers, and well-planned community services were improving outcomes and promoting a strong sense of 'place'. Some areas for improvement were identified including scope for greater use of performance data and self-evaluation tools to inform further improvement. While there has been strong and stable strategic leadership in Education and Children's Services in Aberdeenshire Council in recent years, there is change ahead with the retirement of the Director of Education from April 2018. Scrutiny outcomes, including inspections, have, in recent years, been mixed in both the primary and secondary sector, and demonstrate scope for improvement. Outcomes for children and young people are in most cases in line with or lower than the Virtual Comparator but higher than the national average. No additional scrutiny is considered necessary in 2018/19 beyond the general inspection programme and Education Scotland's ongoing engagement.
- **Social Care Services:** The Care Inspectorate, working in partnership with Her Majesty's Inspectorate of Constabulary in Scotland and Healthcare Improvement Scotland, carried out a joint inspection of adult support and protection services in six health and social care partnerships across Scotland, including Aberdeenshire. The partnerships were chosen to reflect the geography and demography of Scotland. The on-site scrutiny phase of the joint inspection took place from late October to early December 2017. Partnerships have been given early feedback on the findings of their joint inspection and the Aberdeenshire report is expected to be published in spring 2018. While no specific additional risks were identified, staff recruitment and retention are an ongoing risk being kept under review by the LAN. As the largest provider of care services in the area, Aberdeenshire Council must consider longer term approaches to planning for recruitment and retention of skilled and qualified care staff and innovation in practice to meet need. Other ongoing service challenges include:
  - delivery of consistent services across a large, mostly rural geographical area
  - ensuring equality of access to services where accessible and affordable transport is not readily available
  - maintaining services with a rapidly growing ageing population

## Annual Audit – Interim Report

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

Findings of the most recent audit are summarised below:

Audit Area:	Findings:
<b>Financial Controls</b>	<p>Key financial systems and expected internal financial controls were interrogated by a mix of annual testing, reliance on previous results and assurances from the work of internal audit.</p> <p>System control weaknesses were identified in invoices requiring manual approval. CareFirst reconciliations, part of the accounts payable system, was found to have no reconciliatory interface between debtors' interface file and the General Ledger.</p>
<b>Wider Governance Arrangements</b>	
Arrangements for the Prevention and Detection of Fraud and Error	There is an outstanding recommendation from the 2016/17 (Interim Report) for the council to refresh and relaunch its fraud policy and prepare an annual fraud report. It is understood these will be addressed by December 2018 and considered by the Audit Committee
Standards of Conduct	The council has a range of employee policies and procedures accessible on the intranet. There are policies covering gifts and hospitality and social media but no obvious policy covering the council's arrangements for managing conflicts of interest. There are also no codes of conduct setting out values and standards of behaviour and probity expected from staff. This area should be reviewed, and appropriate safeguards put in place for both the council and its staff.

Whistleblowing Policy	The council refreshed its Whistleblowing Policy in September 2017. However, there is no central record of cases being maintained or reported. Similar findings were made in respect of fraud cases and it is recommended to include whistleblowing activity as part of the recommended annual report to Audit Committee
Compliance with Laws and Regulations	While there are a range of processes in place to ensure the council operates appropriately, there is scope for the Strategic Leadership Team to consider the key regulations it would seek to receive assurances on each year and the format those assurances would take. Once implemented, it is suggested such assurances are obtained at an appropriate stage to inform the production of the council's annual accounts.
<b>Other Matters</b>	
<b>Risk Management Arrangements</b>	Quarterly Risk Management reviews are prepared for the Council's Strategic Leadership Team and made available to Members. The Audit Committee has delegated responsibility to review the adequacy of risk assessment arrangements and procedures. The last report was presented to the Audit Committee in December 2016.
<b>Information Management Strategy</b>	The current Information Management Strategy covers the period 2013-2016. With the implementation of General Data Protection Regulations (GDPR) last month, the planning and training carried out by the council in response to the new regulations should provide useful material when updating the strategy.
<b>Trust Funds</b>	A Charitable Management Plan has been in place for the Aberdeenshire Charitable Trust (known as ACT2) since March 2017. We consider the plan to be an example of good practice as it outlines the roles and duties of the Trustees, the application process for funds and specifies the division of the purposes of the Trusts by ward. We noted however that no such plan exists for the Aberdeenshire Educational Trusts which have total funds of £3.8m available, significantly more than the £0.5m available from ACT2.

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

## Managing Our Risks

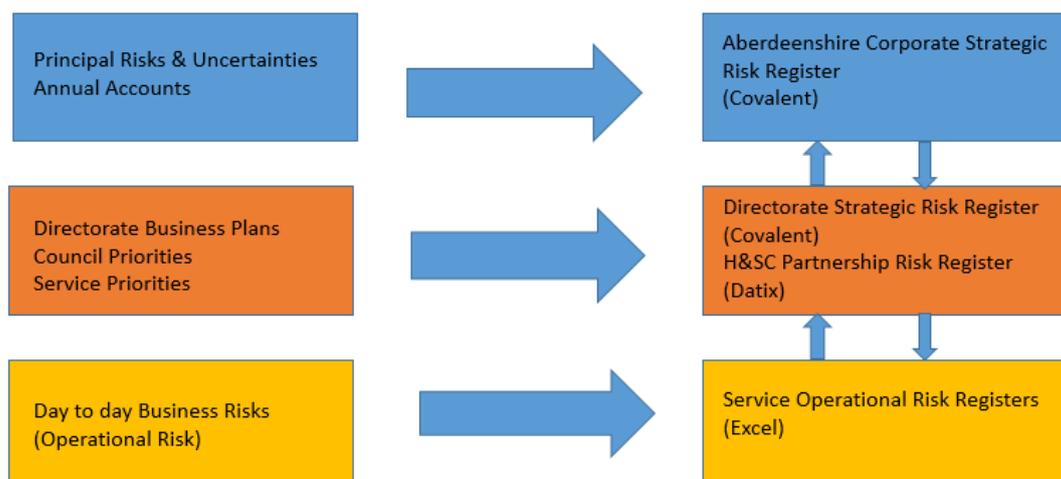
Aberdeenshire Council operates in an environment where it continually requires balancing expenditure pressures against the need to meet statutory duties and deliver high quality services in the most efficient and effective manner. Failure to pay proper attention to the likelihood and consequences of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

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

Risk management is the process of identifying risks, evaluating their potential consequences and determining the most effective methods of controlling them and/or responding to them. It is a means of minimising the costs and disruption to the council caused by undesirable events. The aim is to reduce the frequency of risk events occurring (wherever this is possible) and minimise the severity of their consequences if they do occur.

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

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



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

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

# Managing Our Finances

## Key Facts

- **£1,169 Band D Council Tax (Scottish average = £1,230)**
- **99.91% - actual expenditure vs forecast expenditure**

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

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

For the current financial year, Aberdeenshire Council has received a settlement which was reduced by 4.54% or £6.271 million from last year compared to a Scottish average of 4.8%. Aberdeenshire Council's settlement remains the third lowest out of the thirty-two Local Authorities in Scotland despite maintaining relatively high growth rates in population. An analysis of demographic figures confirms that this trend is relatively constant and as such the budgeted assumption for RSG for 2018/19 is currently assumed to be at the same cash level as the current year.

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 must review spending priorities, make choices and realign service provision with the priority outcomes. We will continue to identify ways to make the necessary savings by looking at how things can be done differently, and our focus will be maintained on the continued delivery of quality services.

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

## Revenue Funding 2017/18

The funding which makes up the 2017/18 budget came from different sources. This includes money from Aggregate External Finance, Fees and Charges and Council Tax.

## Net Revenue Expenditure 2017/18

<b>Committee</b>	<b>Expenditure £</b>	<b>Cost per head of population £</b>
Education & Children's Services	£295,437,000	1,129
Communities	£114,475,000	437
Infrastructure Services	£68,415,000	261
Chief Executive & Business Services	£44,178,000	169

## 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.

The Capital Plan was approved by Full Council in February 2015 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.

Examples of some of the key projects delivered during the year are given below:

<b>Banff &amp; Buchan Area</b>	<b>Capital Project</b>	<b>Progress</b>
Fraserburgh	Westfield Community Hub	Completed in October 2017
Macduff	Macduff Key Depot	Due for completion September 2018
<b>Buchan Area</b>		
Peterhead	Peterhead Community Campus	Options under review
<b>Formartine Area</b>		

Markethill, Turrif	£12.6m Replacement Primary	Opened August 2017
<b>Garioch Area</b>		
Midmill, Kintore	£12m new build Primary school	Officially opened March 2017
Uryside/Inverurie, Market Place Primary School	£12.8m Replacement Primary school	Opened October 2017
Kinellar	£12m Replacement Primary	Due to open August 2018
Inverurie	Community Campus	Works to create a new car park at Victoria Street were undertaken in 2017/18.
<b>Kincardine &amp; Mearns Area</b>		
Drumoak	Drumoak Primary School	Replacement Primary School opened in 2016/17
Bervie	Primary School Extension	Completed spring 2018
Laurencekirk	£1.3m Laurencekirk Nursery Extension	Completed April 2017
<b>Marr Area</b>		
Hill of Banchory	£8.7 Community and Sports Centre	Additional works required – will complete in 2018/18
Aboyne	£1.1m Nursery Extension	Completed April 2017
Huntly	Deveron Building at Gordon Schools Refurbishment	Plans are being finalised
Ballater	Reinstatement of Ballater Station	Official opening on 20 August 2018

## Council Plan 2017-2022

In May 2017 Local Government elections took place and 70 councillors were elected to provide leadership, direction and accountability for the Council. A new Council Plan was agreed by Councillors in November 2017 and this plan provides strategic direction to the wider council and will inform decision making in the coming years.

The Council Plan was developed by undertaking a strategic assessment for Aberdeenshire and reflects the manifesto of the Administration. There was extensive engagement with communities, employees and partners that informed the identification of the 11 priorities summarised below. There is a short animation on our website that also explains the priorities and why these are important to us – [Council Plan 2017-2022](#)



**Support a strong, sustainable, diverse and successful economy**



**Have the best possible transport and digital links across our communities**



**Provide the best life chances for all our children and young people by raising levels of attainment and achievement**



**Work with parents and carers to support children through every stage of their development**



**Encourage active lifestyles and promote well-being with a focus on obesity and mental health**



**Have the right mix of housing across all of Aberdeenshire**



**Support the delivery of the Health and Social Care strategic plan**



**Work to reduce poverty and inequalities within our communities**



**Deliver responsible, long-term financial planning**



**Have the right people, in the right place, doing the right thing,  
at the right time**



**Protect our special environment, including tackling climate  
change by reducing greenhouse gas emissions**

When agreeing the Council Plan 2017-2022, Elected Members also agreed to continue with an annual performance report that would evidence progress and impact of the plan and the first annual performance will be published in September 2019 and available on the council's website – [www.aberdeenshire.gov.uk](http://www.aberdeenshire.gov.uk).

## How We Measure Up – Our Performance 2017/18

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 Appendices A-D of this report. Where performance has been below target, commentary has been provided by the service. You can also see the scorecards in more [here](#).

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

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

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

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

**Statutory Performance Indicator 2 (SPI 2)** comprises of indicators defined in the Local Government Benchmarking Framework. The Local Government Benchmarking Framework encompasses all councils in Scotland and that allows the council's performance to be compared to other council's in Scotland. The latest data available is for the financial year 2016/17 and you can see it [here](#). These indicators will be updated for 2017/18 early in 2019 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](http://www.aberdeenshire.gov.uk/performance)

## Public Performance Reporting Calendar 2018/19

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

## Headquarters

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