



# Annual Performance Report 2014/15

**24 September 2015**





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## 1. Foreword

Welcome to Aberdeenshire Council's Annual Performance Report for 2014/15.

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 such as the community library within HMP &YOI Grampian achieving Gold at the CoSLA Excellence Awards with a further four bronze awards across all services.

We continued to invest significantly in communities, supporting businesses, improving facilities and encouraging visitors to the area. This includes £16 million for improved broadband connectivity throughout Aberdeenshire - over 25,000 additional premises in Aberdeenshire have been able to access fibre optic cable enabled broadband since April 2014 as a result of this investment. £600,000 investment supported regeneration and the economy in towns such as Fraserburgh and the Mearns coastal area.

Once again Aden Country Park was recognised as one of the best green spaces in Scotland with a prestigious Green Flag award; and this year it has been joined by Haddo Country Park for the first time.

The principles of early intervention and prevention continued to underpin our approach to service delivery. A key achievement was the continued focus on homelessness prevention through mediation and advice and support, resulting in a reduction in the number of households presenting as homeless and a significant reduction in the use of bed and breakfast accommodation as temporary accommodation. We continue to progress the integration of health and social care services with a focus on the personalisation of care enabling individuals to take control of the support they need.

Work to modernise the school estate progresses with the new Ellon Academy campus opening in time for the 2015/16 school year. We continue to invest significantly in our learning estate enabling the development of new schools such as Markethill Primary School in Turriff, Ellon and Alford Community Academies which will open during the 2015/16 academic year, as well as refurbishment of several primary and secondary schools including schools in Aboyne and Kemnay.



In addition we invested in our own housing stock and at March 2015 over 99% of all council houses met the Scottish Housing Quality Standard.

Finally, in 2015, in partnership with Aberdeen City and the private sector, we developed the Aberdeen City Region Deal. This will be the starting point of a long-term programme that will affect everyone living and working in Aberdeen and Aberdeenshire, and boost the area's achievements on both the national and international stages. The multi-billion pound deal is being developed in conjunction with the Scottish and UK Governments. With input from both councils, which have a combined capital plan programme over the next ten years, that totals £1.4 billion. The proposals focus on two pillars – Infrastructure and an Economic Strategy that covers internationalisation, innovation and skills.

- Improved infrastructure to enhance road and rail connectivity
- Increased housing options
- The development of specialists skills and accelerated commercialisation
- Support infrastructure for key hubs such as the proposed outer harbour in Aberdeen

During the course of 2015/16, formal negotiations will be entered into with an aim of securing cross-party political support across Scotland and the UK.

However the year has not been without its challenges. A continued pressure on finances mean the council has had to continue to seek efficiencies in our approach to service delivery, considering innovative and transformational solutions. As with many businesses in the North East, recruitment to a number of key posts such as teaching and care services is impacted by the availability of affordable housing to buy and rent. The development of affordable housing is a priority for the council and 72 homes were built in 2014/15 and work started on a further 155. However we recognise that we need to work with partners to develop more homes, faster. In response to the challenge we are developing Create Homes Aberdeenshire which will deliver mid-market rental housing by purchasing homes from developers for rental at 100% of the Local Housing Allowance Rate. This annual performance report aims to provide a balanced overview that evidences progress towards delivery of our core outcomes and priorities.

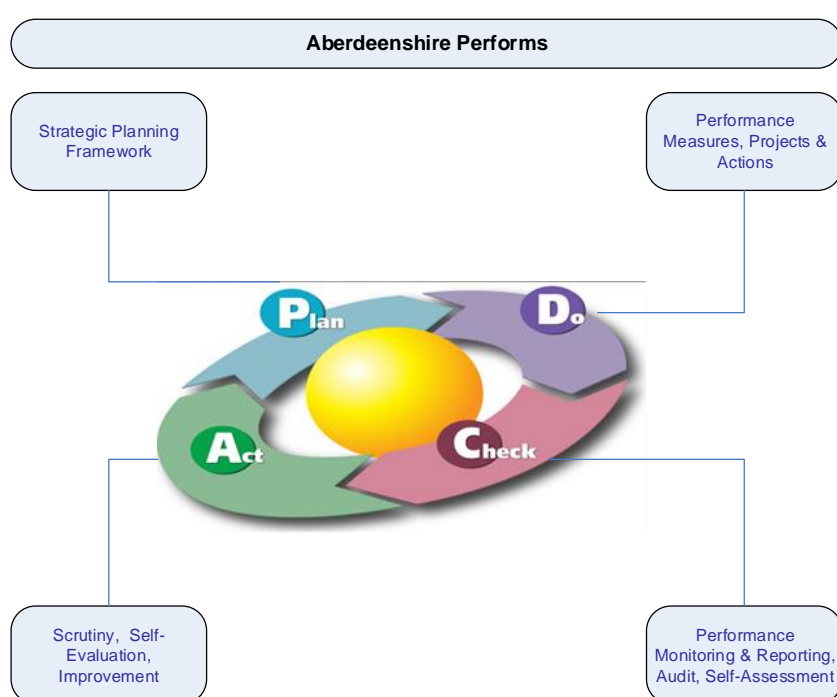
Jim Savege  
Chief Executive

## 2. 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, has been implemented that 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 2015-2018, available through the council's website, outline how we are planning to continue to deliver the Council Plan priorities in the coming year.

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](#)
- [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](#)
  - [Communities](#)
  - [Infrastructure Services](#)
  - [Education & Children's Service](#)

The Public Performance Reporting Calendar at the end of this report also contains links to performance information that will be published through 2015/16.

We 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 Performance Manager by phone on 01224 664721

In February 2016, we will be seeking residents' views on the performance of the council, the type of performance information we publish and how we could improve our public performance reporting. Opportunities to get involved will be highlighted on our website and social media and our Citizen's Panel will be asked for their views at the same time. The feedback will inform the development of the next Annual Report and also the performance section on the council's website – [www.aberdeenshire.gov.uk/performance](http://www.aberdeenshire.gov.uk/performance).

### 3. 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 2014/15 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 school rezoning, the Local Development Plan, Play Parks, our Gaelic Language Plan and the integration of health and social care. Feedback from all these events is published on our website [here](#).

On a monthly basis an independent research company contacts 150 residents to ask for feedback on the council. Different residents are contacted each month. This 'Reputation Tracker' is considered by the council's Strategic Leadership Team and the information is used to inform improvement activity.

Engagement events will continue to be held throughout 2015 and 2016 and there will be a focus on Aberdeenshire as an area and building pride in the places we live and work as well as developing a long term budget strategy. 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.

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



## 4. A Day In The Life...

- We spend £2 million delivering services across Aberdeenshire
- Educate 38,645 children and young people
- Treat 1,674kms of road (November-April)
- Register 12 planning applications
- Undertake 147 repairs on behalf of council tenants
- 1236kms swum in leisure centres
- Provide 2,642 hours of care provided to individuals in their own home
- We find at least 1 stray or lost dog
- Register 24 birth, deaths and partnerships/marriages
- Deal with 892 calls through our contact centre
- Collect 124 tonnes household waste
- Inspect 4 premises to protect public health
- Collect £437,440 council tax income

(Based on an average working day)



## 5. Successes

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

The council was positively assessed by external scrutiny bodies such as Audit Scotland, with no aspects of corporate management or service delivery requiring further scrutiny.

The council's Capital Plan was approved by Full Council in February. The revised Capital Plan is worth nearly £804 million over the next 15 years and represents a massive programme of investment, creating jobs, supporting businesses, delivering improved facilities and growing ambition in the area.

The opening of Mearns Academy Community Campus which includes lecture theatres, full size artificial and grass football pitches, fitness studio and court halls, a library, drama studios and an unmanned police office where the police can be contacted.

Good progress has been made with delivering flood protection schemes in Kincardine & Mearns and Marr. Funding for the Stonehaven Flood Protection Scheme has been approved and design work to deliver the scheme was agreed in March. And in February the hearing chaired by an independent Scottish Government Reporter resulted in a recommendation to proceed with the scheme.

Nine beaches achieved the Rural Seaside Award Flag recognising water quality, litter management and safety procedures in place.

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.

25 registered care services were inspected as GOOD or above.

94% of young people leaving school secured positive post school destinations into work, training, volunteering and further or higher education.

Several employees, early on in their careers, were selected to represent the council at the prestigious 'Young Scotland Awards'. Amy Chilman was awarded 'Young Thinker of the Year' (Ian MacKenzie Award) and Yoana Atanasova was awarded Best On-the-Spot Award.

Two primary school teachers were awarded Natural Teaching awards by the General Teaching Council for Scotland recognising their approach to outdoor learning.

## 6. Challenges & Opportunities

A range of key legislative changes have significant impacts on our communities and the council. For example the Public Bodies (Joint Working) (Scotland) Bill focuses on the integration of health and social care services aiming to improve outcomes for individuals including maintaining independence by creating services that allow people to stay safely at home for longer. Coupled with this, the Social Care (Self-Directed Support) (Scotland) Act empowers people to direct their own care and increases choice and control over care needed. In addition there is a changing demographic in the area with a forecast substantial rise in the number of adults aged over 75 during the next decade.

Welfare Reform Acts have, and will, continue to make major changes to the benefits system. 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 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 child care places for 2, 3 and 4 year olds at a time when there is continued pressure on local authority funding.

The Housing (Scotland) Bill received Royal Assent in August 2014. The Act will end the right to buy in Scotland, 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.

The Community Empowerment (Scotland) Bill aims to empower community bodies through the ownership of land and buildings, and by strengthening their voices in the decisions that matter to them. The bill requires local authorities, as a provider of local services, 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 Bill is also likely to impact on the council, particularly in relation to welfare benefits, consumer advice and advocacy and road powers.

Whilst communities in Aberdeenshire continue to generally enjoy some 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 significant fall in the world price of oil in recent months has resulted in a downturn in investment and major cost-cutting by businesses involved in the oil sector. This downturn is starting to impact 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. If supported, the Aberdeen City Region Deal will allow 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 has introduced an Environmental Policy that commits the council to reducing our impact on the local and global environment, demonstrating leadership in providing high quality services whilst preventing pollution, reducing waste and saving energy and water. We must also achieve behavioural change through encouraging responsible environmental practice amongst suppliers, contractors, partners, communities, residents and our staff.

## 7. 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**

*For example by developing 19 extended early years provisions which are designed to provide early intervention into the lives of children and families who need additional support.*

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

*By ensuring regular opportunity across Aberdeenshire for residents and communities to express their views and ideas on how the council should develop services and spend its budget.*

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

*The Community Asset Transfer policy has enabled local communities to take control of assets such as caravan parks, sports facilities and town halls and run them for the benefit of local residents, businesses and visitors.*

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

*The IDEA project has Local Development Groups across Aberdeenshire that include members from private, third party and public sectors, service users, family carers and employees to deliver inclusive, personalised, community based opportunities for adults with disabilities.*

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

*Working together with Registered Social Landlords throughout Aberdeenshire to develop Apply4Homes enabling housing applicants to apply to several landlords, including the council with a single application form. 75% of applicants now apply to more than one landlord as result, increasing chances of being housed.*

- 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 Revenue Budget 2014/15 which identified 90% of the budget had a positive or neutral impact on protected characteristics.*

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

*Implementing a Local Transport Strategy that encourages and supports healthy transport options including affordable passenger transport services across Aberdeenshire and promoting cycling and walking as effective modes of getting around.*

- 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.*

## 8. 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 2014/15?

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:

Key:		
	At least 50% of measures in this outcome are significantly below target (red)	
	At least 25% of measures in this outcome are slightly below target (amber)	
	The majority of performance measures are on target	
	<b>2013-17 <a href="#">Core Outcome – Lifelong Learning</a></b>	
	<b>1. Improve Early Years Opportunities</b>	
	<b>2. Improve Opportunities to Achieve and Attain</b>	
	<b>3. Preparing for Life and Work</b>	
	<b>4. Enhance Community Learning and Participation</b>	
	<b>5. Support and Enhance Access to Leisure and Cultural Opportunities</b>	

✓	2013-17 <a href="#">Core Outcome – Strong &amp; Sustainable Communities</a>
●	1. Promote and Support Sustainable Development
✓	2. Managing Waste
No key measures – narrative only	3. Promote Aberdeenshire locally, nationally, globally as a location for life, work and leisure
✓	4. Attract and Support Businesses
✓	5. Promoting and Sustaining an Integrated Transport Network
✓	6. Protect & Promote Aberdeenshire's Heritage & Natural Environment

✓	2013-17 <a href="#">Core Outcome – Caring for Communities</a>
✓	1. Promote and support safe communities
✓	2. Providing quality public spaces
✓	3. Support and protect vulnerable children, young people and adults
✓	4. Support independence for adults and older people
✓	5. Provide quality, affordable housing

✓	2013-17 <a href="#">Core Outcome – Public Service Excellence</a>
✓	1. Effective Resource & Asset Management
✓	2. Excellent Communication, Performance & Improvement
✓	3. A Focus on the Customer
✓	4. The Best Workforce









## Performance Trends:

Trends are based on performance as at 2014/15 compared to an average of performance over the previous three years.

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. 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 slightly 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.

It is also possible that performance can be below target but demonstrating long term improvement and moving towards achieving the target.

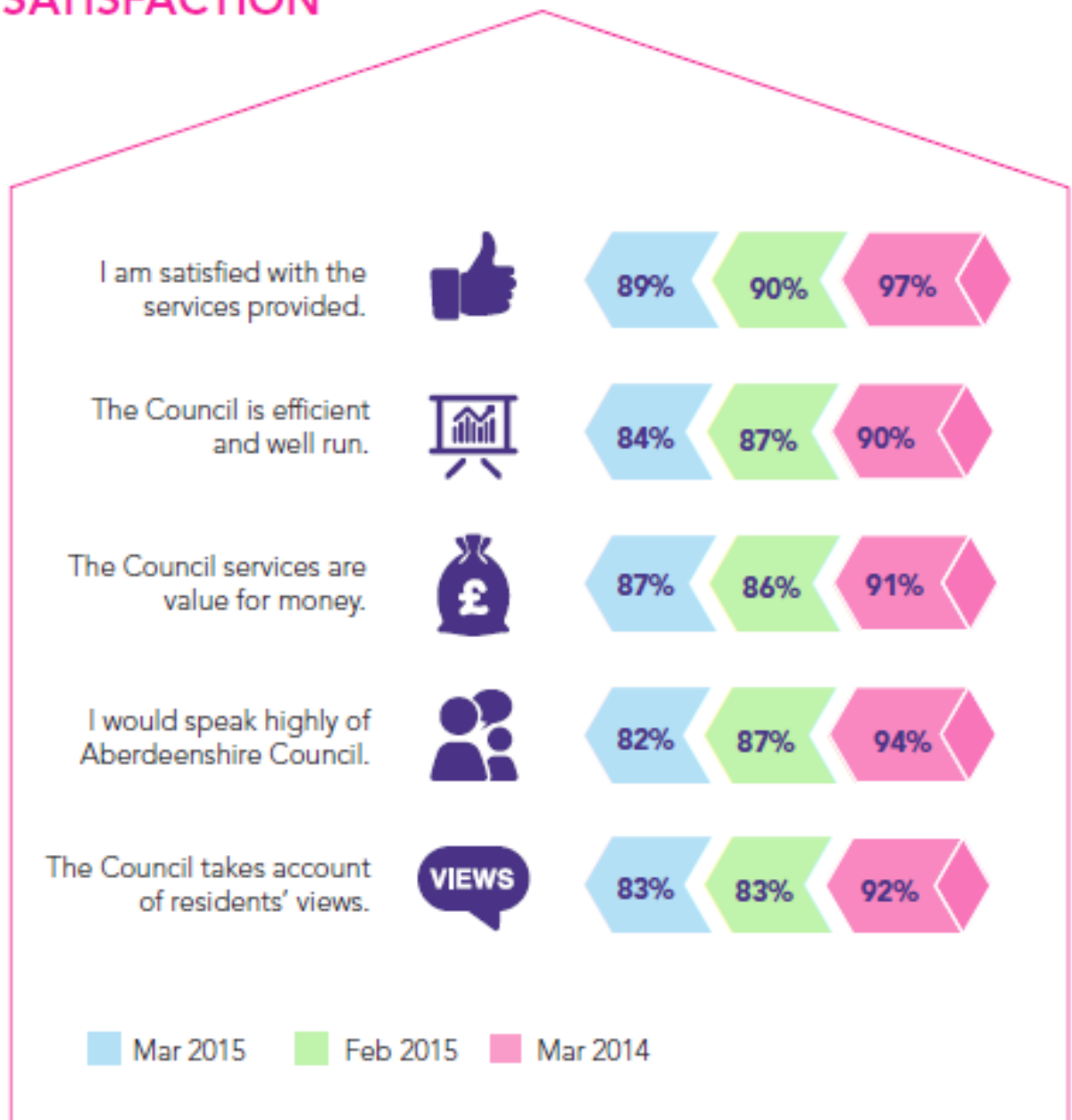
Outcome:			
No. of Indicators			
Lifelong Learning	11	5	8
Strong & Sustainable Communities	14	16	2
Caring for Communities	24	10	4
Public Service Excellence	34	15	8
<b>Totals</b>	<b>83</b>	<b>46</b>	<b>22</b>

Key:	
	Performance Improving
	No Change or New Measure
	Performance Declining

## 9. 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 2015 and in March 2014.

### SATISFACTION



Residents are also asked what areas the council could do better on and what we were good at. The picture below summaries what was said. The larger the word in the picture, the more times it was said. In March 2015 residents indicated:



### Summary of Complaints 2014/15

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 2014/15 complaints received were:

Total complaints	1990
Total resolved at stage one and within timescale	1031
Total that went to stage 2 and were resolved within timescale	669
Total complaints partially or fully upheld	658
Investigations by Scottish Public Sector Ombudsman	0
Decisions by Scottish Public Sector Ombudsman	22

The council actively uses feedback to improve service delivery. This is a good example of how our service's learn from our customer's experience and review/renew their procedures to reflect this.

*Mrs D was unhappy with the fact that she had received communication along with her new bin, advising her that her recycling collection would "start now". She assumed that "start now" meant that her bin would be collected that week however it was not. The council's investigation sought to establish why the communication provided to Mrs D along with her new bin, advised that the recycling collection would 'start now' when the bin was in fact not collected that week. Following investigation the complaint was upheld as it was found that the customer should have received a letter before her bins and booklet were delivered, as this letter detailed the start date for each household. The booklet delivered with the bins did in fact say 'services for your area start now' however it was intended for people to read this as 'start collecting your food waste/ start using your blue lidded bin now' and not 'put them out for collection'. The Waste service felt that, had the initial letters arrived on time, (before the customer received their bin) no confusion would have arisen. As a result of the customer's complaint the Waste Service advised that they would take the following action:*

- 1. They will make sure letters will arrive pre booklet delivery in future*
- 2. They will not write vague messages such as 'start now' on a booklet/letter again. The service acknowledge that it may be best to stick to dates and perhaps it may cause less confusion if, in future, only one letter/booklet is issued.*

## 10. 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 summary self-assessment and evaluation is available at [www.aberdeenshire.gov.uk/performance](http://www.aberdeenshire.gov.uk/performance).

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 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 2015/16. 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 the appointment of a new chief executive and changes to the portfolio of the four directors in the senior leadership team. The role of the chief social work officer, now working across two directorates, was also highlighted. In addition a review of the current committee structure is underway with a view to phased implementation between mid-2015 and the commencement of the new council term following the local government elections in 2017.
- **Future years funding gap:** It was acknowledged that the council has been preparing for the increasingly challenging financial environment it faces through the establishment of officer and member working groups,

reflecting each of the council's key themes, to identify where the council could make efficiencies and savings in future years. With the work of these groups completed, options being developed by senior officers will be put to wider consideration. Progress in this area will continue to be monitored, recognising that in order to achieve the required savings, the council will need to move beyond more traditional options of achieving

efficiencies (e.g. vacancy management and income generation), adopting a more radical range of measures.

- **Health and social care:** In August 2014, the Care Inspectorate and Healthcare Improvement Scotland published a report on the pilot joint inspection of services for older people in Aberdeenshire. The report contained five recommendations including: improving the uptake of carers assessment; ensuring risk assessments and risk management plans are in place for all adults at risk of harm; developing a strategy for implementing new initiatives for reshaping care including having option appraisals in place for the use of resources and continuing to develop early intervention support to make best use of limited staff resources in the care at home sector. Delivery of the recommendations will be monitored by the Care Inspectorate.
- **Housing and homelessness:** There will be continued monitoring of the percentage of the council's housing stock that meets the Scottish Housing Quality Standard. Attention will also focus on performance in completing repairs, medical adaptations to housing, the relatively high usage of bed and breakfast for temporary accommodation placements and the council's housing complaints handling performance.
- **Education:** Recruitment and retention of teaching staff was recognised as continuing to be a major challenge for the council. It was also noted that outcomes from school inspections are mixed although examples of good practice were highlighted. The council is aware of these challenges and is working to address the identified areas for improvement. Education Scotland will continue to provide related support and challenge through its on-going engagement with the council.

## 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 (2014/15) confirmed that our annual financial statements are in line with the requirements of the financial code. Other key findings of the audit are:

- **Financial Sustainability:** Financial sustainability continues to be one of the most significant challenges and risks for Aberdeenshire Council. Whilst



2015/16 shows a balanced position, significant shortfalls are projected in future years with a cumulative funding gap of £50.2 million up to 2019/20.

The Auditors recognise that work has been ongoing with both Officers and Members and an agreed timetable is now in place with high level proposals developed for consideration. However, the pace and scale of delivery is not yet sufficient to meet the council's objectives and address the significant financial challenges and therefore must be increased over the coming months in advance of setting the budget in February 2016.

- Financial Management:** The final outturn position was an underspend of £9.996 million against an overall budget of £516.677 million. While variances were reported to Policy and Resources Committee during the year, the projected underspend increased from £5.333 million as at January 2015 (reported in April 2015) to this final reported position. A review is currently being undertaken by Internal Audit to review the robustness of the forecasting techniques in place. A significant underspend of £29 million was also reported on the Capital Plan against a budget of £165 million as a result of delays in a number of school projects. The council has an ambitious Capital Plan increasing by circa £50 million in comparison with previous years.
- Best Value:** There is evidence of transformation taking place at an operational level within the council, including changes in the education services operational model and the integration of health and social care progressing. However progress in the last 12 months on the council's Transformation Programme is disappointing and there is limited evidence of tangible "transformation" across the council from these projects. They have now been built into the medium term financial strategy. While all data for the National Fraud Initiative exercise was submitted on time, due to resourcing issues the council has only recently started following up on the recommended matches. Auditors are satisfied that the council has developed a clear understanding of the organisational impacts associated with welfare reform and has implemented appropriate mitigations.
- Governance & Transparency:** A number of changes in leadership have occurred during the year. A review of the governance arrangements was agreed by Full Council in March 2015. It is important that the current review of the committee structure and other related reviews, including the review of Financial Regulations, are fully aligned to ensure that any changes are not made in isolation. Internal Audit continue to report significant concerns around the lack of compliance with financial regulations. Auditors note that no frauds have been identified as a result of these issues. The review of the Regulations has been planned for some time, but has been put on hold pending the wider governance review noted above. Whilst we agree that these reviews need to be fully aligned, the current level of breaches must be reviewed and action taken by ensuring that the current financial regulations are fit for purpose.

As a result of the audit, 13 areas for improvement have been recommended. Of these, one recommendation is identified as 'high priority' requiring significant improvement by the council and one is 'low priority' observations. The council will develop an action plan to progress the recommendations.



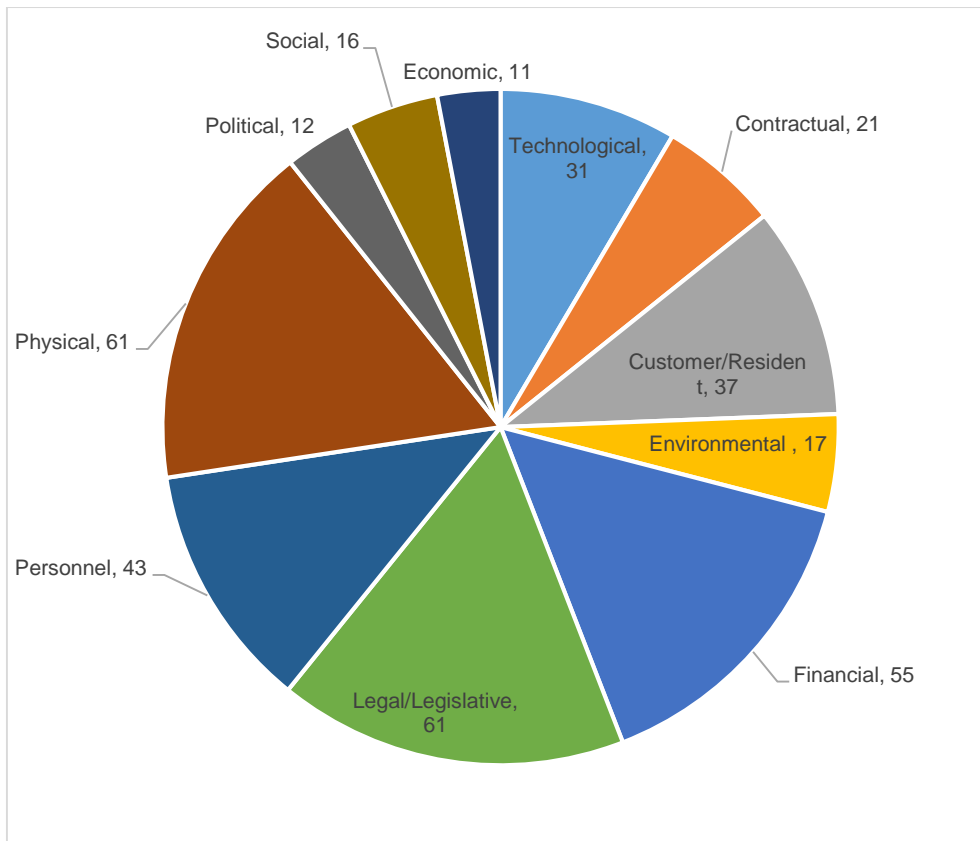
## 11. Managing Our Risks

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.

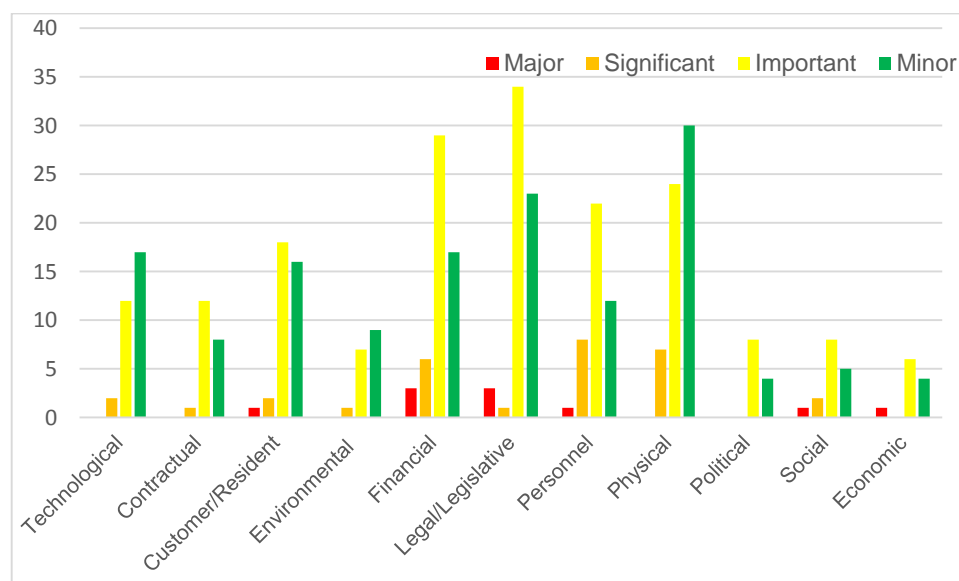
On a day to day basis the council requires to manage risks that impact on its strategic and operational objectives. Effective risk management enables delivery of quality customer focused services in support of the council's vision and priority outcomes.

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 2015 there were a total of 365 risks across all services – this is a similar level to March 2014. 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. The number of Major and Significant risks has increased slightly and action plans are in place to manage these.



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.

## 12. Managing Our Finances

### Key Facts

- **£1,141 Band D Council Tax (Scottish average = £1,149)**
- **44% - budget expenditure on staffing**
- **99.0% - 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 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. The council still has a substantial sum (£536million in 2015/16) to spend on these services.

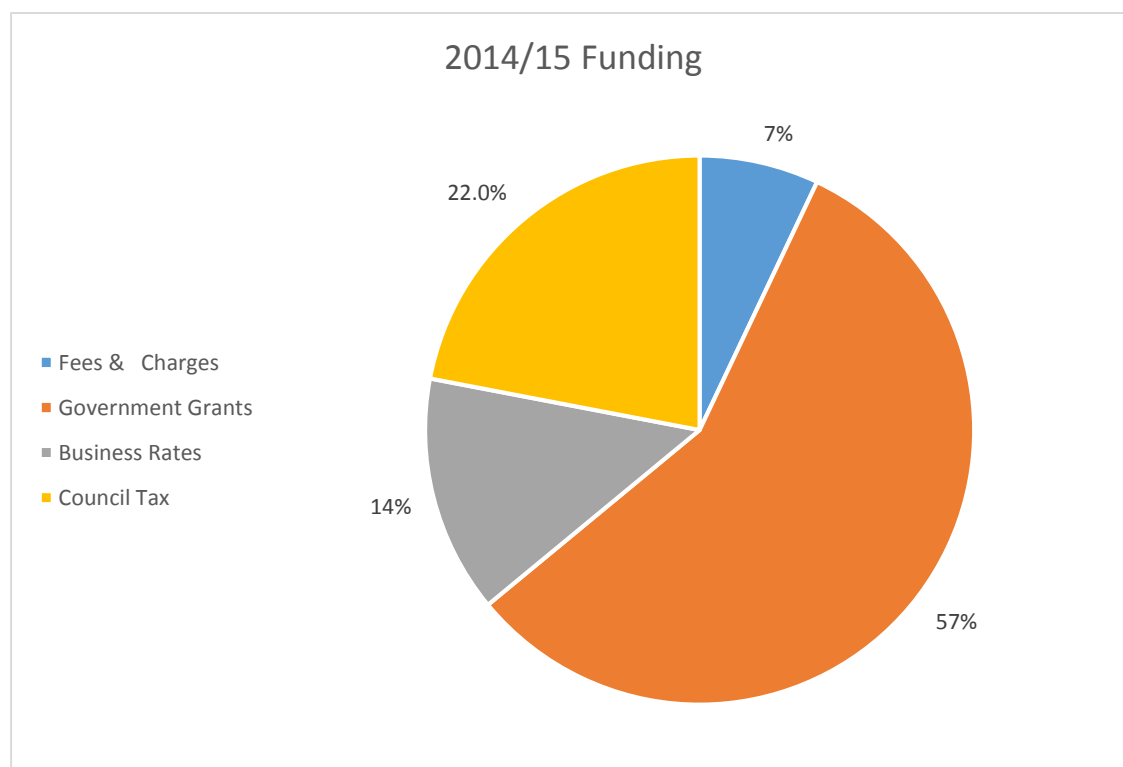
Aberdeenshire Council continues to be the 3rd worst funded Council in Scotland in terms of government grant per head of population. Our grant for 2014/15 is almost 13% below the Scottish average, and the Council will continue to argue for a review of the grant distribution methodology and a fairer share for the residents and businesses of Aberdeenshire. We will also 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.

The council prepares a five-year budget demonstrating which will help ensure the financial stability of the council. Medium and longer-term financial planning is important however presently funding information is only available from the Scottish government on a year by year basis and there changing economic climate makes long term financial planning challenging. The council continues to review its spending priorities, make choices and realign service provision with the priority outcomes

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. To find out when the next engagement event is in your area, please check the council's website.

## Revenue Funding 2014/15

The funding which makes up the 2014/15 budget came from different sources. This includes money from Aggregate External Finance, Fees and Charges and Council Tax.



## Net Revenue Expenditure 2014/15

Service	Expenditure £	Cost per head of population £
Education, Learning & Leisure Service	£302,622,000	1,184.43
Housing & Social Work	£135,739,000	531.27
Infrastructure Services	£101,600,000	397.65
Joint Board Requisitions and Misc. Services	£1,953,000	£7.64

## **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 – 2030 was approved by the Council in January this year.

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 £804 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 £357 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 2014/15 saw over £134 million spent on General Fund projects and a further £41 million spent on the Housing stock improvements and new build programme. This represents the most significant level of capital expenditure in the

history of Aberdeenshire Council. Examples of some of the key projects delivered during the year are given below:-

- During 2014/15 significant progress was made by Housing in delivering stock improvements to ensure it could achieve the Housing Quality Standard by 2015. A range of affordable housing was also provided as well as a number of very sheltered housing conversions.
- In June the £26 million Mearns Academy Community Campus, in Laurencekirk was completed. Part-funded by the Scottish Futures Trust, the new facility was built to replace the ageing academy which closed its doors for the last time in July 2014 after 119 years of community service. The community campus has space for 640 pupils and features a public library, theatre, drama studio, dance and aerobics studio, along with meeting rooms, a conference suite, kitchens, computer rooms, and interview rooms. Sports and leisure facilities include a four-court games hall, fitness room, aerobics studio and changing rooms, with an artificial pitch and two grass pitches outside of the building. The campus also offers free Wi-Fi facilities and a coffee bar, along with an unmanned police office where arrangements can be made to meet a police officer.
- In July 2014 In July Haddo County Park held a celebration of events to mark the completion of the first phase in its regeneration. The £1.8 million regeneration project has involved refurbishing monuments and buildings around the park, creating a new visitor centre, installing new paths and bridges and adding a new adventure playground, which features a zip-wire, climbing frames and slide. The project has been funded by various organisations, including the Heritage Lottery Fund, Historic Scotland, the National Trust for Scotland and Aberdeenshire Council, and will continue running until the end of 2016.
- In March 2015 the roll-out of the new waste recycling and collection service was completed. All households in Aberdeenshire, rural and urban, now have the same co-mingled dry recycling and separate food waste collection service, every fortnight.

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

- Western Peripheral Route – the Council is contributing nearly £75 million to the cost of the project. Commenced in February 2015 the project should be completed by the winter of 2017.
- 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 £15 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 £1.8 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 is expected to be completed during 2015 at a cost of £1.3 million.
- Fraserburgh Westfield Hub Family Centre – due for completion in mid-September 2015 at a cost of £3.8 million.
- Drumoak Primary School – this replacement primary school is expected to be completed in February 2016 at a cost of £8 million.
- Alford Community Campus – this replacement primary and secondary school is scheduled for completion in 2016 at a cost of £37 million, part funded through the Scottish Futures Trust.
- House Building - during the year work was begun on phase 5 of the council's new build housing programme for social rent with 68 starts on site and a further 101 units anticipated for completion by December 2015.

## Appendix 1

### How We Measure Up – Our Performance 2014/15

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 2013/14 and you can see it [here](#). These indicators will be updated for 2014/15 by the end of 2015 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)



## Appendix 2

### Public Performance Reporting Calendar 2015/16

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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