

Agenda Item	12
Report No	HC/6/19

HIGHLAND COUNCIL

Date: 7th March 2019

Report Title: **A Connected Highland: striving to be an ambitious, high performing and sustainable Council**

Report By: **The Chief Executive**

1. Purpose/Executive Summary

- 1.1 This report sets out the ambition to be a high performing Council, driven by a culture focused on improvement, making connections across the Council's programme and budget strategy to address our financial challenges with a positive vision of change. It is part of a suite of reports to this meeting of the Council that reflects on performance in 2017/18 based on our statutory performance indicators (SPIs), sets out our draft corporate plan for the years ahead and includes proposals for the first phase of the Change Fund to support major change programmes.
- 1.2 The report proposes 22 strategic improvement priorities for Members to consider which require concerted effort, robust governance and high quality corporate leadership to address. These are areas where performance is not good enough or where the Council has already set ambition for improvement. It also sets out an approach to developing a Highland Improving Performance Programme (HIPP) to provide the framework for driving performance improvement consistently and robustly across the Council.

2. Recommendations

- 2.1 Members are asked to agree:
- i. the strategic improvement priorities for the Council that require particular corporate attention and support, drawing on the 22 priorities proposed in Appendix 1;
 - ii. that targets for the agreed strategic improvement priorities are developed in consultation with Members and finalised for the May meeting of the Council;
 - iii. that a focus on improving performance consistently across the Council is developed. This can be described as a Highland Improving Performance Programme (HIPP) for the Council. It should reflect the key aspects of performance improvement listed in paragraph 5.1, draw on the range of methods and tools as listed in paragraph 5.2. and organise support as described in paragraphs 5.4 to 5.6;
 - iv. that the Chief Executive initiates consultation to review our senior management organisational structures to support and deliver our ambition to be a high-performing Council, with formal proposals to be brought back to the Council in May 2019; and
 - v. that a survey of Members' views is carried out into their perspective on performance management in the Council at this time, using the Audit Scotland checklist in Appendix 2. The outcomes from the feedback will be included in the report to Council in May which will detail the targets being set for ongoing review.

2.2 Members are asked to note that:

- i. additional Member scrutiny of progress with the improvement priorities will be introduced through a cross member Resources and Improvement Governance Board, to meet monthly;
- ii. a Resources and Improvement Implementation Board, led by the Chief Executive, will meet weekly and report to the Governance Board. It will have managerial oversight and will escalate matters and provide assurance to the Governance Board on delivery;
- iii. work is planned with the senior leadership team of staff to assess progress with performance management based on an Audit Scotland checklist. This, along with the Member feedback, will drive a new corporate approach to performance improvement with the ambition of becoming a whole system learning and improving organisation;
- iv. all staff have a role to play in performance improvement. Evidence from staff engagement sessions, feedback from high performing teams and staff participating in redesign and lean reviews shows willingness across staff groups and locations. A range of supports including a targeted training programme will build capability and capacity and accelerate progress; and
- v. Member involvement in the approach to driving improvement will be reflected in the Corporate Plan.

3. Introduction

3.1 The Council's programme 'Local Voices Highland Choices' presents a vision for the Council for an ambitious, sustainable and connected Highlands. It includes the Council's strategic priorities, setting the Council's ambition for the region. The programme is supported by:

- the Council budget strategy and change programme 'A Sustainable Highland', agreed in February 2019; and
- the draft corporate plan, reported separately to this meeting of the Council. It sets out how the programme and strategic and operational priorities will be delivered and how performance against them will be measured.

The programme, budget strategy and draft corporate plan all provide a positive vision of change, addressing financial challenges and doing things differently and better. This includes being honest about where performance is not good enough and addressing that.

3.2 This report proposes 22 strategic improvement priorities which require concerted effort, robust and ongoing governance and high quality corporate leadership to address. They require connections to be made across services and teams, between staff and members, with partners and communities and draw on best practice wherever that is found. To deliver the Council's ambition the Council will need to be far more connected and create new corporate ways of working together, being open to challenge and finding more imaginative solutions for local services.

3.3 This report also sets out an approach to developing a Highland Improving Performance Programme (HIPP) for the council. It aims to make the connections required and drive the improvement across the 22 strategic improvement priorities.

3.4 Member involvement and engagement in the approach to driving improvement will be reflected in the Corporate Plan.

4. Strategic improvement priorities

4.1 The proposed 22 strategic improvement priorities are listed at Appendix 1. They are identified from the Council's knowledge of where performance is not good enough and where the Council has already set ambition for improvement. Sources of evidence include:

- performance data - Statutory Performance Indicators (SPIs), the Local Government Benchmark Framework (LGBF), Key Performance Indicators (KPIs) and local indicators. SPI and the LGBF data for 2017/18 are reported separately to this meeting of the Council;
- the budget strategy (4 themes);
- 16 major change and redesign projects (derived from Redesign and Commercial Boards and service led initiatives);
- feedback from communities gathered through the consultation on the budget strategy;
- Member priorities and concerns and specific feedback gathered from the two day Member seminar in January 2019;
- agreed partnership outcomes; and
- staff feedback on where change is needed.

4.2 The proposed improvement priorities align well to the Council's programme and support partnership outcomes. They require particular corporate attention and support. Members are asked to confirm the final set of strategic improvement priorities. The

next step will be to set improvement targets. These will be developed and finalised for the Council meeting in May 2019. There will be an opportunity for Members to be involved in the target setting exercise.

- 4.3 In addition to normal performance reporting through Committees, relevant Boards and management arrangements, additional scrutiny of progress will be introduced through:
- a cross-member Resources and Improvement Governance Board. This will meet on a monthly basis.
 - a Resources and Improvement Implementation Board. This will meet weekly and report to the Governance Board. It will have a rolling programme of reporting so that each improvement priority will be considered at least once a month. It will involve responsible officers reporting on their performance against the targets and enable intervention and support where progress is insufficient. Matters will be escalated and assurance will be provided to the Governance Board on delivery.

5. Developing a Highland Improving Performance Programme

5.1 A sharper focus on improving performance across the Council, including on the strategic improvement priorities, requires a positive and consistent approach to improvement and constructively challenging ways of working, behaviours and attitudes. There are teams in the Council with a strong track record on improving performance and reducing cost. To embed this practice key aspects to address consistently across services will include:

- driving cultural change so that high standards, ambition and top performance are embedded within attitudes, behaviours and service delivery;
- valuing performance data, gathered from a range of sources, ensuring that the Council looks inwards, outwards and forwards at all times;
- considering not only service quality and outcomes but also cost and efficiency;
- being open about what our performance data tells us and inviting challenge;
- welcoming peer challenge, benchmarking and external scrutiny;
- acting on the performance data to define the improvement needed;
- using targets to drive improvement (and setting them with care);
- pursuing improvement collaboratively, with commitment, drive and creativity;
- tackling under performance where it is found internally, with suppliers and with partners;
- communicating, celebrating and learning from strong performance and high achievement; and
- ensuring a strong presence of training, HR support and ongoing engagement with staff with a focus on recognising good practice and well-being.

5.2 There is a range of methods and tools that can support this broader culture change, including some that are already in use. A programme for improving performance across the Council should involve:

1. a systematic and structured approach to self-evaluation that enables critical reflection and is supported by performance evidence from a range of sources. A number of models are in use and some have a specific professional and inspectorate focus. Peer challenge and other forms of validating self-evaluation should be considered;
2. reliable data covering quality, cost and efficiency and provided in a way that is timely and enables meaningful comparisons across local areas, with other local authorities and with national/international standards;
3. paying attention to data not only about processes/ inputs/ outputs and outcomes but also the opinions of people using the service, professional opinion and

Member feedback;

4. seeking knowledge of good practice and what works elsewhere and in Highland to ensure innovation and forward thinking which supports sustainability;
5. welcoming feedback from peers (internally and externally) and respecting the levels of assurance provided by internal audit and external scrutiny bodies;
6. the use of other externally accredited processes that are helpful e.g. Customer Excellence Framework, Investors in People, ISO 9001 on quality management;
7. identifying and appraising options for changing service delivery, through redesign peer reviews and Member engagement from the Redesign Board;
8. understanding commercial practice and opportunities better and connecting with the Commercial Board;
9. a structured, supported and proven approach to removing waste from processes through Lean reviews;
10. an engaging way of identifying the change that is needed – with staff teams and others that can bring challenge and ideas; and
11. routine performance reviews with services by senior staff – building on our experience of quarterly performance reviews.

All of these approaches together will provide a complete system approach, creating a model of self-improvement in the Council that reaches every function, team and staff member.

- 5.3 A Council programme involving these approaches can be developed; a Highland Improving Performance Programme (HIPP).
- 5.4 Such a programme requires high quality and ambitious corporate leadership involving all senior staff across services. Our current organisational structure will need to be reconfigured in order to deliver the type of transformational change needed. Our structure needs to support local decision-making, with a leadership culture that is underpinned by ambition, change, drive and adaptability. Our design will need to be less hierarchical so that resources can be flexed to address complex challenges, and our approach needs to be less functional or static to one particular service. We need to create opportunities for development and learning, complemented by the expectation of movement across traditional silos to share best practice across the whole organisation.
- 5.5 Leadership and management development will be required to generate the type of skill sets essential to create the culture of accountability and adaptability that will drive performance. A programme of engagement will be undertaken with stakeholders, both within and outwith the Council, including Trade Unions and partners, to develop the new organisational design. Informal consultation will be initiated with Directors and Heads of Service with a progress report brought forward at Council in May, detailing the new proposals for a senior management structure that will allow us to successfully deliver our major change programmes.
- 5.6 Importantly, all staff have a role to play in performance improvement. Evidence from staff engagement sessions and feedback from high performing teams and staff participating in redesign and lean reviews shows willingness across staff groups and locations. A complete system approach will address both capability and capacity and will involve:
 - mainstreaming the approaches used in high performing teams, drawing on the skills and experience of staff who have talent in the Council;
 - staff training and cascading best practice so that everyone wants improvement;
 - ensuring training includes improved budget management and relationship

management and supports the whole system approach described above and links to our workforce planning;

- understanding the dedicated capacity we have spread across Council services to support performance improvement and considering how to use this to best effect and build it further;
- building capacity from the change fund agreed as part of the budget strategy, with proposals for the first phase of its use to support the change programme and strategic improvement priorities reported separately to this meeting of the Council; and
- further development of our performance data and greater use of performance dashboards.

5.7 Member role

Members have an important role in improving Council performance. This involves setting ambition and direction, scrutinising performance information, agreeing resources and engaging with communities and partners. Helpfully Audit Scotland has published guidance on [performance management](#) and this includes a tool for checking progress with performance management from a Member perspective. The questions used in the checklist for Members are attached at Appendix 2.

5.8 Member feedback would be helpful for officers to incorporate into a new approach and to consider any new Member development. Members will be surveyed to gather this feedback and the results will be reported within the target setting report to Council in May 2019.

5.9 There is a similar tool for officers which will be used along with the Member feedback.

6. **Implications**

6.1 Resource: There are resource implications in that the whole system approach proposed will affect every employee and every Member. A range of corporate supports will be developed using:

- current resources,
- re-focusing some resources;
- comprehensive organisational redesign;
- bringing in additional resource where necessary drawing on the Change Fund which is reported separately to the Council.

6.2 Legal: The whole system approach set out in this report will support the Council to meet its legal duty to secure Best Value and continuous improvement.

6.3 Community (Equality, Poverty and Rural): Striving to be an ambitious, high performing and sustainable Council will bring positive impacts on Highland communities. It will affect the services provided, how they are designed and delivered and how performance about them and costs involved are reported publicly. It will place new expectations on our relationship with communities and how they will be encouraged to be involved in a sustainable Highlands. The list of improvement priorities set out in Appendix 1 includes some improvement areas that will affect specific groups in the community. These have been screened for impact as part of the budget process.

6.4 Climate Change / Carbon Clever: Some of the priorities listed in Appendix 1 will support the reduction of carbon emissions, relating to renewable energy generation and use, asset rationalisation, greater use of ICT and travel reduction.

- 6.5 Risk: There are risks attached to the proposals set out in the report. These include:
- delivering on the priorities. This will be addressed by the new managerial and governance arrangements outlined in the report and by proposals to review senior organisational structure for the May meeting of the Council;
 - driving and sustaining improvement. This will be addressed by high quality and ambitious corporate leadership, drawing on current resources and talent in the organisation along with additional support brought in, including that supported by the Change Fund where needed. Organisational structure will also be reviewed as outlined above.
 - impact on staff, with the right balance to be struck between supporting and challenging staff to be high performing. This will be addressed by a range of supports including:
 - training and development;
 - change management;
 - performance management and appraisal;
 - our workforce planning;
 - any additional resource brought in to support the change needed, including from the Change Fund; and
 - discussions will also take place with Trade Unions through the Partnership Forum.

6.6 Gaelic: There are no implications for Gaelic arising from this report.

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Proposed strategic improvement priorities

1. Improve educational attainment for all groups and reduce the attainment gap for young people from deprived areas.
2. Improve the sustainability of education provision by: increasing support to Head Teachers; rebasing school staffing allocations to be transparent and in line with national standards; delivering best value; upgrading and replacing school buildings, introducing more efficient working practices; and improved budget management.
3. Transform the approach to supporting children with additional needs adopting a whole system approach to wellbeing and inclusion organised in school clusters and with partner and community support.
4. Improve outcomes for looked after children and young people and achieve better value from resources to support them.
5. Significantly reduce the end to end process for people applying to be foster carers and increase the number of foster carers and adoptive parents in Highland.
6. Extend free child care across the region to support families, invest in new facilities, achieve best value and embed early years services within the school system to improve outcomes.
7. Improve home/school transport provision, reducing associated costs and carbon emissions.
8. Work with NHS Highland to continue to shift the balance of care to more community settings and to improve the arrangements and outcomes for young adults with care needs transitioning to NHS care and support.
9. Deliver meaningful engagement with Highland communities, listening and responding to what we hear and encourage more community activity and community run services.
10. With partners grow the Highland tourism offer and invest in infrastructure.
11. Improve road conditions across Highland.
12. Improve business processes for waste management as set out in the redesign review (including reviewing: haulage contracts; collection route planning; new transfer stations; recycling centre opening hours; and increasing corporate recycling and growing the commercial collection base and charges).
13. Deliver a change programme based on the four budget strategy themes of: making the Council more efficient, commercialisation and income generation, redesign and improvement and flexible and well managed workforce.
14. Improve Council performance with the right staff in the right place with the right skills through effective workforce planning including training and development, wellbeing support, performance management and appraisal, transition, sustainability, flexibility and redeployment.
15. Improve staff attendance and reduce costs associated with covering absence.

16. Improve budget management and expenditure controls.
17. Increase energy generation from renewable sources and reduce energy consumption in the Council.
18. Create a fit for purpose Council property portfolio, through commercial sales, leases and community asset transfers and the right environment for modern working practice.
19. Shift the balance of property maintenance services to undertake more repairs and maintenance in-house and reduce costs of out-sourced trade services.
20. Improve efficiency through better digital services.
21. Improve income collection for Council services.
22. Reduce staff and Member travel, reducing costs and carbon emissions.

Appendix 2

A tool for Councillors to check progress on performance management

Source: Managing Performance: are you getting it right? (Audit Scotland 2012)

Councillors are asked the following questions and to indicate their answer with Yes/No and Action

Performance management culture

1. Do I have a good understanding of performance across the council?
2. Does a key aspect of my role involve scrutinising performance information and challenging officers?
3. Do I need training to help me understand performance management?

Performance management framework

4. Am I involved in establishing what communities need, allowing me to establish priorities?

Performance measures

5. Does the information I receive cover:
 - service performance?
 - customer satisfaction?
 - trend data?
 - benchmarking data?
 - targets?
 - outcomes?

Performance information

6. Is the performance information I receive concise, accurate, balanced and presented in an easily understandable format?
7. Do officers provide me with performance information which is clear and concise and allows me to judge how well we are doing?
8. Does the information I receive tell me:
 - if we are meeting our targets?
 - why variances occurred?
 - what the implications are of not meeting the target?
 - if resources are adequate?
 - what impact it will have on people who use services, local people and partner agencies?
 - if there is an impact on equalities, sustainability or efficiency?
 - what impact this might have on corporate priorities?
9. Does the information presented by officers tell me:
 - what performance is predicted over the short and longer term?
 - what action needs to be taken to see improved performance (this could

- include additional resources, more training)?
- where there is under-performance when will it be back on track and
- whether additional resources are required to achieve this?

10. Does the information I receive allow me to challenge over and underperformance and question whether we are achieving value for money?

11. Do I regularly challenge officers on the performance information presented to me?

12. Does performance information provided by officers allow me to monitor progress on priorities and plans?

13. Do I require any training or support to help me challenge officers on performance?

Self-evaluation and improvement

14. Am I aware of the self-evaluation and review processes in the council?

15. Do I scrutinise the results of reviews and suggest appropriate action?

16. Do I receive regular updates on progress against the improvement plan?

Partnership working

17. Do I work constructively with partners to improve performance?