**The Highland Council**

**Audit and Scrutiny Committee – 20th November 2014**

| Agenda Item | 11 |
|---|---|
| Report No | AS/32/14 |

**Scrutiny Review – Using Cost Information to Improve Performance: are you getting it right? and Managing Performance: are you getting it right?**

**Report by the Head of Audit & Risk Management**

**Summary**

The attached report provides details of the findings from the Scrutiny Working Group's review of two Audit Scotland National Reports: "Using Cost Information to Improve Performance: are you getting it right?" and "Managing Performance: are you getting it right?"

**1.     Introduction**

1.1     This scrutiny review was undertaken in response to the above national reports by Audit Scotland.  Both reports included "tool kits" as appendices for completion by Members to assess arrangements within their own Council.  It was agreed that this assessment would be undertaken by the Scrutiny Working Group and this report presents the findings from the review.

**2.     Process**

2.1     The Scrutiny Working Group met on 5 occasions between 09/11/12 and 09/04/13 and invited officers to attend in order to gather information regarding the processes in place both corporately and at Service level.

2.2     A draft report was prepared by the Audit & Risk Manager and circulated to the relevant Directors in order to confirm the factual accuracy.  The draft findings were also discussed with the Chair and Vice-chair of the Audit & Scrutiny Committee.

2.3     Following the confirmation of the accuracy of the draft report, an Action Plan has been prepared.

**3.     Findings**

3.1     The main areas for improvement identified by the Group are as follows:

•     There is insufficient cost information provided to Members at present.  This needs to be developed by officers in consultation with Members to ensure that the necessary cost and performance information is provided at Ward and/ or City/ Area levels as required.  In developing this information, it should be ensured that this concentrates upon the key activities of Services.

•     In order to ensure that Members fully understand the information provided to them, more training is required and this should be provided once the new cost information has been developed.

•     There is scope to undertake more benchmarking of Service activities.  This can be used to demonstrate that services are being provided in the most efficient and effective manner and/ or identify areas where improvements can be made.

•     The results of self-evaluation processes could be reported to Members in order to ensure that they obtain the full picture of all internal and external reviews undertaken within the Council.

3.2     It was concluded that whilst there is a great deal of performance information produced within the Council, the quantity and quality of this varies between Services.  However, there is less cost information provided and the Audit Scotland reports emphasise the importance of providing both good quality cost and performance information to Members, in order to make properly informed policy decisions.  This is of particular importance at present when considering the budget savings that need to be achieved over the next five years.

Since this exercise was undertaken, a further Audit Scotland report *"Options appraisal: are you getting it right?"* was published in March 2014.  This report also links the need for good cost and performance information to be available in order to inform the options appraisal process.

## 4.     Action Plan

4.1     An action plan has been prepared which addresses the above findings.  The main action relates to a review which will be undertaken by the Council's Executive Leadership Team of performance management systems within the Council and will bring forward recommendations from this review.  All actions are due to be completed by 31/03/15.

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**Recommendation**

The Committee is invited to consider and note the Scrutiny Working Group's report on "Using Cost Information to Improve Performance: are you getting it right?" and "Managing Performance: are you getting it right?" together with the actions to be taken.

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Designation:          Head of Audit & Risk Management

Date:                 7th November 2014

Author:               Donna Sutherland, Audit & Risk Manager

Background Papers     Audit Scotland National Reports

**The Highland Council**

**Audit and Scrutiny Committee**

Minutes of Meeting of the **Scrutiny Working Group** held in the Well of the Chamber, Council Headquarters, Glenurquhart Road, Inverness on Friday, 9 November 2012 at 2.00 pm.

**Present:**

Mrs M Davidson                                            Mr G MacKenzie
Mr B Fernie                                                    Mr A MacLeod
Mr K Gowans                                                Mr J Stone
Mr E Hunter (via video conferencing)

**Officials in attendance:**

Mr N Rose, Head of Internal Audit and Risk Management
Ms D Sutherland, Principal Auditor
Miss C Maragh, Administrative Assistant
Miss J Green, Administrative Assistant

**Mrs M Davidson in the Chair**

**Business**

1.      **Apologies for Absence**

         Apologies for absence were intimated on behalf of Mr D Bremner, Mr J Ford and Mr G Rimell.

2.      **Declarations of Interest**

         There were no declarations of interest.

3.      **Terms of Reference for Scrutiny Topic – "Using Cost Information to Improve Performance: Are You Getting It Right?"**

         In May 2012, Audit Scotland published a national report, "Using Cost Information to Improve Performance: Are You Getting it Right?"  The report was the third in a series for Members and officers aimed at stimulating change and improving performance in the public sector.  The report drew on Audit Scotland's work across all 32 local authorities in Scotland; including its Best Value audit work, the work of local auditors and its annual overview report.

         In this regard, it was confirmed that the full report, which provides a list of key points for action, could be accessed at:

         http://www.audit-scotland.gov.uk/docs/local/2012/nr_120510_hcw_costs.pdf

         The report was presented to the Finance, Housing and Resources Committee on 22 August 2012 and examples were provided of the range of activity in place within the Council that supported good practice in using cost information effectively.  However, in view of the detailed nature of the "key points for action"

provided in the Audit Scotland report, it was reported that this would be recommended at the Audit & Scrutiny Committee that the Scrutiny Working Group should consider the report in depth. This was subsequently agreed by the Audit & Scrutiny Committee on 20 September 2012. In this connection, there had been circulated Report No. SWG/2/12 Framework for the Performance of Scrutiny Reviews, which was agreed by the Audit & Scrutiny Committee on 19 February 2009 for reference.

During summary of the report, it was further highlighted that an additional Audit Scotland national report, "Managing performance: are you getting it right?" was published in October 2012. In view of the overlap between both of the Audit Scotland reports, it was suggested that it would be appropriate to consider both of these reports to establish whether further actions were required by the Council. Each report contained an appended tool for checking progress, which would be condensed into one checklist when questioning Officers at future meetings.

In response to a query, it was explained that Audit Scotland would be investigating that appropriate action was taken for all reports presented. Therefore, it was suggested that a number of Council Services should be selected as part of the review.

During discussion, it was highlighted that the areas of cost information scrutinised should be beneficial to the Council's Services' current work. In this regard, it was suggested that the Services initially investigated should be as follows:-

- Adult and Children's Services
- Transport, Environmental and Community Services
- Planning and Development Service

In recognising the importance of benchmarking against the rest of the country, it was proposed that the Head of Policy and Performance be invited to a future Working Group meeting to provide details of the Council's approach to performance management.

The Working Group, otherwise, **APPROVED** the proposed terms of reference which would be reported to the next meeting of the Audit and Scrutiny Committee scheduled to take place on 21 November 2012.

It was also **AGREED** that the remit for the scrutiny exercise would be:-

**i.**    to consider the two Audit Scotland national reports as follows:

- "Using cost information to improve performance: are you getting it right?"
- "Managing performance are you getting it right?"

**ii.**   to establish whether there were further actions for the Council, by using the appendices, contained within each report, to provide a working checklist;

**iii.**  in undertaking the above work, the Working Group would investigate the arrangements in the following areas:-

- Adult and Children's Services
- Transport, Environmental and Community Services
- Planning and Development Service

and **AGREED**:-

**iv.** that the Head of Internal Audit and Risk Management would liaise with the Head of Policy and Performance with regard to providing details to a future Working Group meeting on the management arrangements within the Council.

The meeting concluded at 2.20pm.

# The Highland Council

## Audit and Scrutiny Committee

Minutes of Meeting of the **Scrutiny Working Group** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness on Thursday, 17 January 2013 at 11.00 am.

**Present:**

Mr B Fernie
Mr K Gowans
Mr E Hunter (via video conferencing)

Mr G MacKenzie
Mr G Rimell
Mr J Stone

**Officials in attendance:**

Mr N Rose, Head of Internal Audit and Risk Management
Mrs C McDiarmid, Head of Policy and Performance
Ms E Johnston, Strategic Performance Manager
Ms D Sutherland, Principal Auditor
Miss C Maragh, Administrative Assistant
Miss J Green, Administrative Assistant

**Mr B Fernie in the Chair**

**Business**

1.  **Apologies for Absence**

    An apology for absence was intimated on behalf of Mrs M Davidson, Mr D Bremner, Mr J Ford, and Dr I Cockburn.

2.  **Declarations of Interest**

    There were no declarations of interest.

3.  **Minutes of Meeting**

    There had been circulated the Minutes of the meeting of the Scrutiny Working Group held on 9 November 2012, which were **APPROVED**.

4.  **Scrutiny Topic – Audit Scotland National Reports**

    a)  Using cost information to improve performance: are you getting it right?
    b)  Managing performance; are you getting it right?

    In support of the checklists which had been tabled, a presentation was undertaken by the Head of Policy and Performance and the Strategic Performance Manager which provided an overview regarding the following:-

    Corporate Performance Reporting

    It was reported that, in regards to the business planning framework, the Council Programme and Corporate Plan was delivered through the seven Service Plans

which were reported to the Strategic Committees. Progress on the actions of the Council Programme was assessed against the performance indicators, set nationally and locally and included some benchmarking exercises.

These indicators of performance included Statutory Performance Indicators (SPIs), Locally Determined Cost Indicators (LPIs), the Single Outcome Agreement indicators, customer/user views including Citizens' Panel, Councillors feedback, Practitioner views, internal audit process and external scrutiny. The importance to use a range of sources was stressed which ensured that reliable performance information could be generated.

During discussion, it was commented that in relation to customer surveys, in particularly the Citizens' Panel, the responses received often represented polarised views. In response, it was explained that the Citizens' Panel draws a random sample of the population using the Electoral Register. It was further explained, to gain validity in the results 1000 responses were required, so when setting up the Citizens' Panel, an invite had been sent to between 8000 and 9000 households, and a profile check was undertaken on the 2300 households who had responded positively by agreeing to answer up to three surveys a year. In previous surveys over 1000 responses had been received, which meant the results could be generalised to the adult population of the Highlands as a whole with high levels of confidence. The profile check showed that Council house tenants, and young people were underrepresented so had been co-opted through the Housing Service and partnership organisations such as the UHI. The survey had also been provided electronically, in larger print, or by telephone interview for Polish speakers. To further complement the survey, it was reported that Focus Groups were set up to gather views from people less likely to be members of the Citizens' Panel including those with different communication needs and disabilities.

Corporate Cost Indicators

It was reported that four Statutory Performance Indicators (SPIs) and 53 Local Determined Cost Indicators (LPIs) related to cost information, and were outlined in the Annual Performance Report to Council. Audit Scotland compared SPIs with other Local Authority areas, which detailed the top and bottom eight, in a report each February for the previous year. These Audit Scotland reports were reviewed by their respective Service Committees. In addition, a new set of indicators had been introduced by Society of Local Authority Chief Executives and Senior Managers (SOLACE) and approved by the Accounts Commission, which provided a better comparison of cost and effectiveness of results achieved.

The LPIs were continually reviewed and aggregated with the SOLACE indicators. Comparisons were drawn from 'families', which were similar Local Authorities i.e. Aberdeenshire, Scottish Borders and Argyll and Bute, while accounting for operational differences.

During discussion, concern was expressed with regards to the link Quality Improvement Officers in Schools have with HMIe and the reduction in these Officers due to budget pressures. It was also commented that a School can be rated satisfactory despite being in an area of deprivation provided that they indicate the intent to improve.

Corporate Self-Evaluation

It was reported that a Council which had good self-evaluation processes in place would require less external scrutiny. However, the self-evaluation needed to be demonstrated.

Methods of self-evaluation included the Public Service Improvement Framework (PSIF) for corporate assessments and professional frameworks for housing, education and social care. For the PSIF the Council had a three year programme, which had been rolled-out to all Services from 2011 and updates were provided to Audit Scotland. The PSIF was a continuous improvement process, which used performance evidence gathered from a range of sources, and focussed on processes as well as performance results. Assessment groups were selected from Services to gather and score the evidence against results, approach, deployment, assessment, and refine (RADAR), which would then form an Improvement Plan.

It was explained that the role of Members was to set policy, which Officers would implement, and also to then scrutinise and challenge the results. Some elements of the PSIF Action Plans, which had financial implications or a change in policy, required Committee consideration. All external scrutiny reports were reported to Council or Strategic Committees and the Audit and Scrutiny Committee.

In regards to the political aspect, it was reported that new guidance had been produced from the National Community Safety Pathfinder which complemented the Councillors' Code of Conduct. This guidance highlighted the need to focus on outcomes; understand local conditions and reflect community voice; promote joint working to secure better outcomes and best value; provide strategic leadership in order to influence service delivery; and support continuous improvement by providing constructive challenge.

In terms of pace and direction of travel and prospects for future improvement, the Best Value 2 review by Audit Scotland established that the Council was in a good position to deliver continuous improvement. Good performance and strengths were found in the areas including political and managerial leadership and management; clear strategic focus and effective community leadership; effective partnership working; consulting and listening to communities; good quality local services, which are responsive to local communities; self-aware; sound financial monitoring and active budget management; and sustainability arrangements and outcomes..

During discussion, the following issues were raised:-

- it was highlighted that the role of Members was to set strategy and develop policy.;
- in regard to customer relations further information on the feedback from the public was requested relating to the closure of selected Service Points.
- council house tenants were more likely to contract the Council compared with private home owners;
- concern was expressed regarding the impact on customer satisfaction due to visits to Planning Offices becoming less common;
- due to challenges, new measures on preventive spend were very logical and sensible plan;

- the link between a change in levels of satisfaction and a change in Service i.e. closure of selected Service Points;
- the positive performance in current climate was commended; and
- it was important to ensure that the scrutiny process was not detrimental to the core function and staff.

In response to queries, it was explained that:-

- historically the Planning and Development Service had rated poorly in the annual performance survey, which could reflect dissatisfaction with an outcome of the planning process rather than Service performance;
- with regard to the impact of closing selected Service Points, the Citizens' Panel reported a slight decline in satisfaction from previous years, however still rated the service in the top 5 for satisfaction and further detail would be provided on the survey feedback; and
- all corporate performance reports were produced by the Strategic Performance Manager, and to reduce the impact on staff time, an electronic system was used which sent out automated email alerts to staff to up-date performance data. This was escalated to managers if the data was not provided on time.

Thereafter, the Working Group **NOTED** the checklists as tabled.

It was also **AGREED**, with regards to the Service areas which were due to be investigated, that the Head of Internal Audit and Risk Management would make arrangements to invite the four respective Service Directors to a future meeting of the Working Group.

The meeting concluded at 12.15 pm.

# The Highland Council

## Audit and Scrutiny Committee

Minutes of Meeting of the **Scrutiny Working Group** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness on Wednesday, 27 February 2013 at 12.30pm.

**Present:**

Mrs M Davidson                                    Mr E Hunter (via video conferencing)
Dr I Cockburn                                       Mr G MacKenzie
Mr B Fernie                                          Mr G Rimell
Mr J Ford                                             Mr J Stone

**Officials in attendance:**

Mr H Fraser, Director of Education, Culture and Sport
Mr N Rose, Head of Internal Audit and Risk Management
Ms D Sutherland, Principal Auditor
Mrs R Daly, Committee Administrator

### Mrs M Davidson in the Chair

**Business**

1. **Apologies for Absence**

   Apologies for absence were intimated on behalf of Mr D Bremner and Mr K Gowans.

2. **Declarations of Interest**

   There were no declarations of interest.

3. **Minutes of Meeting**

   There had been circulated the Minutes of the meeting of the Scrutiny Working Group held on 17 January 2013, which were **APPROVED**.

4. **Scrutiny Topic – Audit Scotland National Reports**

   a) Using cost information to improve performance: are you getting it right?
   b) Managing performance; are you getting it right?

   The Director of Education, Culture and Sport provided an overview in support of the checklist tabled at the meeting which had been populated with evidence from the Service perspective and which forms Appendix 1 to these Minutes.

   In response to the details contained in the checklist, attention was drawn to the following issues, the relevant sections indicated in the margin:-

   **Using cost information to improve performance**

1.1 **Area Committee reports on Associated School Groups (ASG)** - It was felt that there was scope for further review of the detail provided in the template on Area Committee reports on ASGs. Information included on exclusion rates was useful; however more detail on academic performance and information leading to a better

understanding of local schools was required.  While emphasis of extra-curricular activities was important, reference to this in the template appeared disproportionate.

The Director undertook to provide members of the group with a copy of the template and an example of such a report for information.

**Reporting at Ward level** needed review and further canvassing of Members as to the information they required on local schools.  To aid consistency in reporting at Ward level it was suggested that Ward members be provided with the same information given to Parent Councils and parents on academic achievement, HMIE reports and resumés of Quality Assurance visits.

**Local Performance Indicators 9-14** - costing of community-based activity was currently covered by SPIs, would be changing imminently and a report would be expected from Audit Scotland in clarification.  The difficulties in costing community and non-community use had been recognised at a national level.  New SOLACE benchmarking data was imminent and would be reported through the Council.

1.2　**New SOLACE benchmarking data** - It was confirmed that the annual report on SPIs which compared Highland Council performance nationally was the only document to Members in which this comparison could be viewed, apart from any internal report emerging as a result of any SQA outcomes.  New SOLACE benchmarking data would show the picture for each authority and comparisons would be able to be drawn on cost and quality.

The Head of Audit and Risk Management undertook to establish whether the SOLACE indicators (perhaps in draft form) could be made available.

1.3　**Value for Money** - At a local level it was unclear where Members could find information that split down and compared costs and spending on individual school budgets.  The Scottish Government website provided this information as global figures for both primary and secondary provision with access to subsidiary information and individual pupil costs per school.  The Highland Council did not publish these costs on its own website although there was some reporting on the Ward section of the Council's website.

1.4　**Provision of cost information with relevant performance information -** This section should also include reference to Strategic Committee reports.

There would also be merit in considering training for Members in relation to locating necessary information to gain an understanding of Services in their Ward.

1.5　**Comparison of Council's costs and performance information with others -** Members needed to know where to find this information and how to interpret it.

1.9　**Relevant cost information in respect of most important priorities -** This section should also include reference to the Annual Performance Report although the question was almost impossible to answer.

The key areas of the service's priorities - ensuring positive outcomes from pre-school, primary and secondary school and for youngsters going into positive destinations thereafter – were evidence by an amalgam of the Annual Performance Report, Best Value review and reports to the Strategic Committee. Quality could not easily be measured.  Therefore, the response the question should state both **Yes** and **No**.

**1.10** **Support for Members in understanding and interpreting financial information** - There might be scope for consideration of occasional feedback and review sessions with Members.

**Managing Performance**

**4.1** **Performance information** - Members were presented with performance information relating to corporate activity but also wanted specific information on activity within their own area/wards. Also, there was a potential training need for Members in accessing information relevant to local performance.

Performance information which could identify where best practice was being undertaken would assist Members' input to future inspection processes and enable them to become more meaningfully involved in school progress and development. The Director undertook to look into how such information could be made available to Ward Business meetings.

**5.3** **Information to Members on meeting targets and impacts -** This section should include reference to the budget setting process to reflect the impact on people who use services. It was queried if the way impacts were reported to Members had the effect of minimising potential the effect of budget impacts – this might be an area for more attention.

**5.4** **Information to Members on Performance -** Thematic and Service reports were submitted only to the Administration Leadership Group and Strategic Business Meeting and were ragged against progress targets with appropriate commentary on slippage and action taken. Dissemination of current performance information to all Members was not carried out on a equal basis.

**5.5** **Information to allow Members to challenge performance -** The Revenue and Capital monitoring statements to Committees provided the most accessible format for this for the majority of Members.

**6.1** **Self-Evaluation and Improvement -** This was an improving situation although it was uncertain whether all Members understood where to access this information. Reference should also be included to the processes associated with "For Highland Children 4" and the suite of activities surrounding Improvement Groups on Child Protection and Youth Justice.

**6.3** **Regular updates on Progress against improvement plans -** This section should include reference to PSIF and the extent to which this was reported to Members might require further exploration.

It was confirmed that the Head of Policy and Performance reported on progress against PSIF as a whole at a corporate level. Reference to Committee might be necessary if the PSIF exercise highlighted a need for changes at a Service level. Also, some parts of the PSIF model involved elected Members, particularly in relation to leadership.

Thereafter, the Working Group **NOTED** the completed checklists as shown in Appendix 1 to these Minutes and that the issues raised during discussion would be included therein.

The meeting concluded at 1.55 pm.

**APPENDIX 1 to Minutes of Meeting of the Scrutiny Working Group held on 27 February 2013**

**EDUCATION CULTURE AND SPORT**

**Scrutiny Review – Audit Scotland National Reports:**

**(1)**    **Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)**    **Managing performance are you getting it right?** (sections 2 – 7 of checklist)

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? <br> If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services? <br> What information is provided and to whom is this provided? | Yes | • Service Budget Monitoring at Strategic Committees <br> • Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report <br> • Budget consultation information <br> • Area Committee Reports on Associated School Groups |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | Yes | • Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report <br> • New SOLACE benchmarking data <br> • Public Performance Survey <br> • Annual Standards and Quality Report <br> • Area Committee Reports on Associated School Groups |
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | Yes | • Best Value audit of Council <br> • New SOLACE benchmarking data allows comparison with other Councils to identify potential areas where better value could be sought <br> • Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report. In many cases the costs are reducing. <br> • Area Committee Reports on Associated School Groups |

| 1.4 | Do I provide cost information together with relevant performance information? | Yes | • Area Committee Reports on Associated School Groups<br>• Annual Corporate Performance Report. |
|------|------|------|------|
| 1.5 | Can I easily compare my Council's costs and performance information with others? | Yes | • 4 SPIs<br>• New SOLACE benchmarking data<br>• ScotXed Census data published by Scottish Government |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | Yes | • Resource implications within policy reports to committees<br>• Budget setting process<br>• Budget consultation |
| 1.7 | Do the reports I provide include information on current costs? | Yes | • Resource implications within policy reports to committees |
| 1.8 | Are the options I provide for consideration fully costed? | Yes | • Resource implications within policy reports to committees |
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | Yes | • LPIs e.g. Cost per pupil, Cost per supply teacher |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|------|------|------|------|
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | Yes | Committee Reports, Presentations and Questions |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | Yes | The Service objectives derive from the Council Programme. Significant input in terms of information reports and discussion in relation to Curriculum for Excellence at Committee. There have also been Member seminars for Getting it Right and For Highland's Children Planning. |
| 2. | Performance management culture | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.3 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |

| 3. | **Performance management framework** | | |
|---|---|---|---|
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover:<br><br>• service performance?<br>• customer satisfaction?<br>• trend data?<br>• benchmarking data?<br>• targets?<br>• outcomes? | Yes | • Annual Corporate Performance Report<br>• Public Performance Survey<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports<br>• Committee Reports<br>• Area Committee Reports on Associated School Groups<br><br>• SOA annual report<br>• Corporate performance framework<br>• SOA performance framework |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | Yes | Committee Reports and Minutes |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | Yes | • Annual Corporate Performance Report<br>• Service Plan<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports<br>• Committee Reports<br>• Area Committee Reports on Associated School Groups |
| 5.3 | Does the information I provide tell Members:<br><br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target?<br>• if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies? | Yes | • Annual Corporate Performance Report<br>• Service Plan<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports<br>• Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• Thematic and Service Reports on commitments for the Council Programme |

| | | | |
|---|---|---|---|
| | • if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? | | • Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report<br>• Committee report templates for equalities, carbon and resource implications<br>• Equalities statements in budget templates |
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | Yes | • Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• Thematic and Service Reports on commitments for the Council Programme<br>• Service Plan<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | Yes | • Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | Yes | • Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• Thematic and Service Reports on commitments for the Council Programme<br>• Service Plan<br>• Annual Standards and Quality Report |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **6.** | **Self-evaluation and improvement** | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my | Yes | • Public service Improvement Framework<br>• Education Scotland Inspection Reports<br>• Ward Reporting |

| | Service? | | • Annual Standards and Quality Report<br>• School Improvement Plans available on website<br>• School Standards and Quality Reports available on website<br>• Area Committee Reports on Associated School Groups |
|---|---|---|---|
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | Yes | • Education Scotland Inspection Reports<br>• Ward Reporting<br>• Annual Standards and Quality Report<br>• School Improvement Plans available on website<br>• School Standards and Quality Reports available on website<br>• Area Committee Reports on Associated School Groups<br>• Committee Reports and Minutes |
| **7.** | **Partnership working** | | |
| 7.1 | Do I work constructively with partners to improve performance?<br>If so, how is this reported to Members? | Yes | • For Highland's Children Leadership Group<br>• Highland Child Protection Committee<br>• Joint Commissioning Group<br>• Area Committee Reports on Associated School Groups<br>• Education Scotland Inspection Reports<br>• Ward Reporting<br>• Annual Standards and Quality Report |

# The Highland Council

## Audit and Scrutiny Committee

Minutes of Meeting of the **Scrutiny Working Group** held in Committee Room 2, Council Headquarters, Glenurquhart Road, Inverness on Friday 8 March 2013 at 12.00 pm.

**Present:**

Mrs M Davidson                     Mr K Gowans
Mr B Fernie                        Mr G Rimell
Dr I Cockburn                      Mr J Stone
Mr J Ford

**Non-Members also present:**

Mrs H Carmichael

**Officials in attendance:**

Mr N Gillies, Director of Transport, Environmental and Community Services
Mr B Alexander, Director of Health and Social Care
Mr N Rose, Head of Internal Audit and Risk Management
Ms D Sutherland, Principal Auditor
Miss M Murray, Committee Administrator

**Mrs M Davidson in the Chair**

**Business**

1.  **Apologies for Absence**

    Apologies for absence were intimated on behalf of Mr D Bremner, Mr E Hunter and Mr G MacKenzie.

2.  **Declarations of Interest**

    There were no declarations of interest.

3.  **Scrutiny Topic – Audit Scotland National Reports**

    a)  Using cost information to improve performance: are you getting it right?
    b)  Managing performance; are you getting it right?

    The Directors of Transport, Environmental and Community Services and Health and Social Care undertook presentations in support of the checklists tabled at the meeting which had been populated with evidence in respect of their individual Services and which form Appendices 1 and 2 to these Minutes.

    In addition, it was explained that the Scottish Organisation of Local Authority Chief Executives (SOLACE) had been tasked with producing improved cost and performance indicators and these were tabled for information.

**Transport, Environmental and Community Services**

In response to questions, it was explained that:-

* in relation to road maintenance, the SOLACE performance indicators were based on the cost per kilometre of road, ie the total spent on roads divided by the road length. However, this was not necessarily a measure of how well a local authority was performing;
* cost information on key items such as resurfacing and surface dressing was available but was not reported to Committee. Detailed information such as the cost of filling individual potholes was not currently available and to provide it would create a considerable administrative burden;
* in calculating costs, overheads were fixed;
* with regard to benchmarking, "family groups" of similar Councils, ie those with an urban centre and a large rural area, had been identified by CoSLA and the Society of Chief Officers of Transportation in Scotland (SCOTS). In addition, the Association of Public Service Excellence had a number of performance networks which the Council was involved in. However, unless all local authorities adopted the same systems, it was difficult to provide an accurate comparison;
* best practice was shared through professional groups such as SCOTS as well as by collaborate working;
* Highland Council was tenth highest of 32 local authorities in the Road Condition Survey 2011/12. However, it had the fifth lowest spend per kilometre so it could be surmised that better value for money was being achieved than in some other Councils;
* in relation to street lighting, the increasing cost of electricity was a significant pressure and information was provided on the procurement process and the various elements charged for. A number of trials had been carried out to establish the most effective way of providing street lighting and LED lighting was now being utilised. Although more expensive to install, it was low energy, longer lasting and would reduce ongoing maintenance costs;
* with regard to whether it would be cheaper for the Council to produce its own electricity, the capital investment required to set up a generating company would be significant. It was a complex area which had not been examined in detail. Self-generating options such as solar powered street lights had been explored. However, they had not proved viable;
* Energy from Waste (EfW) was no longer a viable option given the Scottish Government's Zero Waste Policy which restricted the materials which could be used;
* in relation to procurement, a combination of internal and Scotland Excel contracts was used and evaluations were carried out in order to ensure that best value was being achieved;
* with regard to reporting on regulatory matters such as environmental health inspections, the Food Standards Agency carried out an annual audit which was reported to Committee;
* briefings would continue to be provided on significant issues to ensure that Members fully understood the options and cost implications. For example, changes in waste management required as a result of the landfill ban being implemented in 2021;
* in relation to procurement, there was a central Stores and Purchasing Manager based in Inverness as well as a number of satellite stores. All purchasing was carried out through the Council's Corporate Procurement

Unit and was subject to competitive tendering;

- some items, such as road salt, had to be kept in stock.  Other items, such as parts for vehicle repairs, were ordered as and when required;
- Internal Audit examined procurement on a frequent basis.  In addition, the Corporate Improvement team was currently carrying out an exercise on procurement;
- the Service Plan was based on the Council's Programme and this was key to performance monitoring.  In addition, monitoring information was provided on statutory and internal performance indicators as well as any external or internal audit reports.  Updates on various Strategies, Management Plans and Operational Plans were reported to Committee and this covered areas of the Service not specifically included in the Council's programme such as Environmental Health and Trading Standards;
- roads, bridges and marine infrastructure were the main areas requiring investment;
- with regard to Environmental Health inspections, a risk based approach had been adopted;
- in relation to the Annual Performance Survey, TEC Services was responsible for many of the services the public considered to be most important.  However, these were also the areas of greatest dissatisfaction;
- some performance issues were difficult to address as they required major budget shifts; and
- TEC Services had a programme of self-evaluation which was being rolled out.  In addition, Best Value Reviews were carried out and some areas of the Service were subject to scrutiny by external bodies such as the Food Standards Agency.

During further discussion, the following comments were made:-

- it was essential that accurate cost information was available to Members to inform investment decisions and to allow appropriate budgets to be set to maintain standards;
- TEC Services was subject to significant external cost pressures over which they had no control;
- whilst Members received some cost information, it was important that they better understood the underlying costs and the drivers around costs within Services;
- moving to five year budgets would be beneficial and it was suggested that there should be a ten year horizon with regard to changes within Services;
- some of the information provided to Members was complex and technical and it was suggested that consideration be given to how it could be made more accessible.  In addition, more in-depth training for Committee Members would be beneficial in order that they fully understood the issues and were better able to make decisions and inform constituents;
- reference was made to instances of excessively expensive consumables being purchased in Council premises and information was sought as to whether detailed information on the cost of individual items was accessible to Members;
- there might be merit in the Audit and Scrutiny Committee examining procurement within the Council and whether it was good value for money;
- it was difficult to accurately gage customer satisfaction as people were more likely to contact the Council when they had a complaint;
- the amount of information produced by the Council was vast and it was

suggested there might be merit in more targeted risk-based reporting, thereby allowing officer time to be spent elsewhere;

- TEC Services officers were effective at providing information and explaining issues direct to local Ward Members; and
- some budgetary anomalies arising from the amalgamation of Highland Regional Council and District Councils had not been resolved with some Services having higher levels of spend in some areas than in others and it was important that these issues were addressed.

Following discussion, the Chairman undertook to ascertain the current position with regard to the Corporate Improvement Programme exercise on procurement and provide an update at the next meeting of the Audit and Scrutiny Committee.

**The Working Group adjourned for lunch at 1.05 pm and resumed at 1.35 pm.**

**Health and Social Care**

In response to questions, it was explained that:-

- the nature of children's services was such that it was often demand led and responsive. However, where choice was available in service decisions, cost was a significant factor;
- in relation to self-evaluation, the Care Inspectorate Quality Indicators Framework was used as a common approach facilitated matters when inspections were carried out. Self-evaluation was carried out across areas of service such as Learning Disability Services or Looked After Children Services. In addition, every individual unit and team had a Development Plan based on self-evaluation. In the units, which were inspected, these were available as a written document and work was ongoing to ensure that the same practice was adopted in each team;
- it was straightforward to establish the costs of a dedicated unit. However, it was more difficult to calculate costs across teams and areas of service as many staff worked interchangeably across several areas;
- cost issues in self-evaluation were rarely about the full cost of the service. For example, the manager of a children's unit did not influence the full cost of the unit but did control things such as heating, lighting and consumables and the cost impact thereof;
- in relation to the new Children's Plan, For Highland's Children 4 (FHC4), there was an aspiration to develop a sub-plan which would be a commissioning plan including cost information. Discussions were ongoing with the contract team and third sector partners as to how that could be achieved;
- with regard to the commissioning of adult services from NHS Highland, the responsibility for providing cost information to Audit Scotland remained with the Council;
- the two main areas of overspend were out of authority residential placements and out of authority fostering placements and these were closely monitored. Spreadsheets were maintained and officers from Health and Social Care and Finance examined every placement each monitoring period and projected costs until the end of the financial year;
- the SOLACE performance indicators would be published as league tables. However, different local authorities adopted different approaches to how they compiled their indicators and it was therefore difficult to obtain an accurate

comparison with another Council. In addition, the circumstances in Highland, a large mainly rural area, were very different to those in an urban local authority;

- performance information did not usually come with cost information, partially because performance was increasingly based on outcomes rather than inputs. However, it should still be possible to align the two;

- the SOLACE indicators focused on a small number of areas but didn't cover all of the Service's activities;

- in Children's Services the principles of strategic commissioning, whereby different stakeholders came to a consensus about how to meet identified need, was not a significant change in practice. However, moving away from that to then make decisions about funding and who should provide the necessary services was more challenging;

- in relation to item 1.10 on the checklist, whilst full financial information was provided, it was assumed that Members fully understood and could interpret that information. It was acknowledged that there was a range of understanding on different issues and more could be done to make the information provided more accessible;

- performance management was very different in the Council and NHS Highland with NHS Highland committee agendas being entirely based on performance whereas the Council also had to make policy and strategy decisions Whilst there was a case for closer performance monitoring within the Council, focusing on trajectories could detract from looking at the system as a whole and it was suggested that there was a balance to be achieved between the two approaches;

- once performance indicators were agreed, they were included in several different documents such as the Children's Plan, the Service Plan, the Council's Corporate Plan and the Single Outcome Agreement and it was therefore difficult to make amendments;

- with regard to FHC4, there would be a web-based version which would be updated with the latest performance information;

- inputting of data into the Council's Performance and Risk Management System was currently carried out by one member of staff. In time, the intention was that frontline managers would input their own local information. However, other local authorities which had adopted a devolved approach had struggled with consistency and this would require to be addressed;

- it was difficult to achieve value for money in some service areas. For example, if a child required a residential placement the first available place would be taken, regardless of the cost;

- in relation to self-evaluation, FHC4 provided an overview but most Members did not see individual self-evaluation reports and these were difficult to provide as it was an ongoing process;

- the Care Inspectorate Quality Indicators Framework was quite broad whereas the corporate PSIF model allowed more in-depth examination of certain areas and had a robust scoring mechanism. The PSIF model had been used to examine general areas such as Criminal Justice services. In future, the intention was to use it to test assumptions about areas of detail - for example, the involvement of parents in learning disability services;

- with regard to Criminal Justice performance monitoring, there was a set of national standards similar to HEAT targets and there was a challenge to be addressed by the Criminal Justice Sub-Committee as to how to move to a level of scrutiny based on quality rather than quantity; and

- there was a process of case review whereby the lead service could initiate a

serious incident review, not only when there was a tragedy but where there were near misses or lessons which could be learnt.  Such reviews were carried out in-house and by a single service.  On the basis of the findings, any of the public agencies involved could request a significant case review which would require to be sanctioned by the strategic lead.  Significant case reviews took place two or three times a year and, in a child protection case for example, the outcome would be reported to the Child Protection Committee.

During further discussion, the following comments were made:-

- the importance of flagging potential overspends at an early stage in order to allow remedial action to be taken was emphasised;
- some services required to be provided regardless of the cost and the importance of putting the child first was recognised;
- there was a potential risk that the resources being used to prepare increasingly complex performance information might be better spent on frontline services.  Similarly, spending too much time carrying out self-evaluation could have a negative impact and it was important to achieve a balance;
- Members were sometimes provided with too much information and it was reiterated that consideration be given to how to make it more concise and accessible;
- further work was required in relation to the provision of qualitative indicators for both Adult and Children's Services; and
- it was important to ensure that Members were fully aware of the case review process so they could be confident in the system as a whole.

The Chair explained that she, the Vice Chair and the Head of Internal Audit and Risk Management would collate the findings from the meetings which had taken place with Service Directors and come back to the Working Group to discuss what recommendations might be made to the Audit and Scrutiny Committee.

In relation to the checklists which had been used, it was suggested it would have been beneficial to include some specialist questions to take account of the differences between Services.

Thereafter, the Working Group **NOTED** the completed checklists as contained in Appendices 1 and 2 of these Minutes, subject to the issues raised during discussion.

The meeting concluded at 2.30 pm.

**TEC Services**

**Scrutiny Review – Audit Scotland National Reports:**

**(1)**   **Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)**   **Managing performance are you getting it right?** (sections 2 – 7 of checklist)

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services?<br>What information is provided and to whom is this provided? | Yes | Budget monitoring reports (Revenue and Capital) to the TECS Committee.<br><br>Details of Harbours trading accounts and debt management reported to the Fishery Harbours Management Board. |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | Yes | Quality reported through SPIs and IPIs<br><br>2 SPIs cost based (waste management)<br><br>New SOLACE indicators<br><br>Costs reported through revenue and capital monitoring reports |
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | Yes | Best Value Audit of the Council<br><br>Audit Scotland – Assurance and Improvement Plan<br><br>Procurement (goods & services)<br><br>New SOLACE indicators |

| 1.4 | Do I provide cost information together with relevant performance information? | Yes | SPIs<br>Net cost of refuse collection per premise<br>Net cost of refuse disposal per premise.<br><br>New SOLACE indicators |
|---|---|---|---|
| 1.5 | Can I easily compare my Council's costs and performance information with others? | Yes? | SPIs<br><br>New SOLACE indicators |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | Yes | Reports to TECS Committee<br><br>Budget reports to the Council |
| 1.7 | Do the reports I provide include information on current costs? | Yes | Committee Reports<br><br>Capital programme<br><br>Road maintenance programmes |
| 1.8 | Are the options I provide for consideration fully costed? | Yes | Committee Reports<br><br>Options Appraisals |
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | Yes | Financial monitoring reports |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | Yes? | Financial monitoring reports to TECS Committee<br><br>Scope for improvement |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | Yes? | Induction training for Members at start of each Council<br><br>Specific session relating to TECS at start of each Council<br><br>Given the breadth of Council / TECS activities scope for improvement |
| 2. | **Performance management culture** | | |

| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
|---|---|---|---|
| 2.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.3 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **3.** | **Performance management framework** | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover:<br><br>service performance?<br><br>• customer satisfaction?<br>• trend data?<br>• benchmarking data?<br>• targets?<br>• outcomes? | Yes? | SPIs / IPIs<br><br>Annual Performance Survey<br><br>Scope for improvement |
| **No.** | **Questions for Service Directors** | **Yes/ No** | **If yes, what evidence is available?**<br>**If no, what actions are required?** |
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | Yes? | SPIs / IPIs / Annual Performance Survey<br><br>Financial reporting |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | Yes | Audit Scotland Reports – e.g. Maintaining Scotland's Roads<br><br>Audit Scotland – Assurance and Improvement Plan<br><br>SPIs / IPIs |
| 5.3 | Does the information I provide tell Members:<br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target? | Yes? | Information contained in financial monitoring reports to Committee.<br><br>Scope for Improvement |

|  | • if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies?<br>• if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? |  |  |
|---|---|---|---|
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | Yes? | Reports to Committee<br><br>Scope for improvement |
| **No.** | **Questions for Service Directors** | **Yes/ No** | **If yes, what evidence is available?**<br>**If no, what actions are required?** |
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | Yes? | Reports to Committee<br><br>Scope for improvement |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | Yes | Service Plan<br><br>Specific Plans<br>Waste Management Strategy<br>Road Asset Management Plan<br>Environmental Health Operational Plan<br>Trading Standards Operational Plan |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **6.** | **Self-evaluation and improvement** |  |  |

| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | No | TECS has undertaken self-assessment in relation to Environmental Health but not reported to Members. Extend areas of self-assessment Report to Committee |
|---|---|---|---|
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | Yes | Updates provided to TECS Committee on: Service Plan Waste Management Strategy Road Asset Management Plan Environmental Health Operational Plan Trading Standards Operational Plan |
| **7.** | **Partnership working** | | |
| 7.1 | Do I work constructively with partners to improve performance? If so, how is this reported to Members? | Yes | Moray Council – Waste Management Strategy – TECS Committee Highland and Island Councils – Joint Famework Agreement for engineering consultancy services – TECS Committee Transport Scotland – Trunk Road improvements / Inverness West Link – reported to TECS Integrated Transport Project – reported to TECS Committee. Police (road safety) reported to CPE Scotland Transerv  - operational efficiencies |

# The Highland Council

## Audit and Scrutiny Committee

Minutes of Meeting of the **Scrutiny Working Group** held in Committee Room 1, Council Headquarters, Glenurquhart Road, Inverness, on Tuesday, 9 April 2013, at 11.00 a.m.

**Present:**

Mrs M Davidson
Dr I Cockburn
Mr B Fernie
Mr J Ford

Mr K Gowans
Mr G MacKenzie
Mr G Rimell
Mr J Stone

**Officials in attendance:**

Mr S Black, Director of Planning and Development
Mr N Rose, Head of Internal Audit and Risk Management
Ms D Sutherland, Principal Auditor
Mrs R Moir, Principal Committee Administrator

**Mrs M Davidson in the Chair**

**Business**

1. **Apologies for Absence**

   An apology for absence was intimated on behalf of Mr E Hunter.

2. **Declarations of Interest**

   There were no declarations of interest.

3. **Minutes of Meetings**

   There had been circulated and were **APPROVED** the Minutes of Meetings of the Scrutiny Working Group held on 27 February and 8 March 2013.

4. **Scrutiny Topic – Audit Scotland National Reports**

   At its meeting held on 21 November 2012, the Audit and Scrutiny Committee had agreed a remit for this Working Group to study in depth two Audit Scotland national reports, "Using Cost Information to Improve Performance: Are You Getting it Right?" and "Managing performance: are you getting it right?", published in May and October 2012 respectively.

   In terms of its remit, the Working Group had been tasked with investigating the arrangements in a number of Council areas of activity. At its meeting held on 17 January 2013, the Working Group had considered a presentation on Corporate Performance Reporting; on 22 February 2013, a presentation on the Education, Culture and Sport Service; and on 8 March 2013, presentations on Transport, Environmental and Community Services and on Health and Social Care. A

checklist completed by each Head of Service, based on the appendices to the Audit Scotland reports, had been presented to the Working Group at the relevant meeting and thereafter appended to the respective Minutes.

The Director of Planning and Development gave a presentation in support of the checklist, as populated with evidence in respect of his Service, which was tabled at the meeting and, with minor additions, forms Appendix 1 to these Minutes.

In response to the details contained in the checklist, attention was drawn to the following issues, the relevant sections indicated in the margin:-

**Using cost information to improve performance**

1.1     **Budget Monitoring – Revenue** – The Director reminded Members that around one third of his Service's Revenue Budget depended on generation of income, introducing an element of uncertainty, since this fee income depended on external factors such as the health of the wider economy and levels of development. His Service was therefore particularly conscious of the need for careful budget management.

1.5     **Benchmarking against others –** It was confirmed that the Planning and Development Service's Service Plan did not contain benchmarking data comparing costs with those of other Councils. The Director acknowledged that more could probably be done to develop Performance Indicators facilitating comparison with other large rural authorities in particular. While new SOLACE benchmarking data did not cover Planning and Development Services, the Council's own Local Performance Indicators were currently under review.

1.11    **Member training -** There was general comment that the overall volume of induction training for new Members could lead to overload, which was potentially counter-productive to gaining a meaningful understanding of processes and responsibilities, including effective scrutiny. It was not clear how to measure the effectiveness of the training, whether general or service-specific.

**Managing Performance**

4.1     **Customer Satisfaction** – A Survey Monkey link provided at the end of all Planning and Development officer emails, to facilitate feedback, represented good practice that other Services could perhaps adopt.

Routine telephone enquiries were now handled in the first instance by the Service Centre, with only more complex enquiries being referred to a Service Duty Officer, freeing up time for core performance.

There had been a reduction in complaint numbers. The Director undertook to check and advise Members of the current figure and the proportion of overall cases this represented.

5.1&2   **Information to Members –** Performance reporting was regularly an early Committee agenda item, to encourage Member scrutiny. Every effort was made to present information to Members in a concise and easily understood format, with use of charts and graphs and a concise opening report summary.

6.1     **Self-Evaluation and Improvement –** Whilst the Service had made extensive

use of self-evaluation processes, in particular the Public Sector Improvement Framework, it was not clear that the outcomes were being reported to Members. The Director undertook to look into this.

7.1 **Partnership Working -** The partnerships listed, as appended, were primarily related to the Service's Economic Development function. The Service could have a significant impact through partnership working in leveraging in additional investment from other parties.

The Service also had significant internal partnerships with other Council Services, notably TEC Services and the Chief Executive's Service.

During further discussion, comments by the Director included:

- While he did not anticipate a significant upturn in the economy in the near future, he was confident that his Service was sufficiently equipped and flexible to meet any additional demands when they arose. It was also proving easier to attract interest in filling staff vacancies.
- Living and working in small communities could lead to extra pressure on officers.
- Tracking and disseminating compliments rather than only complaints was good for staff morale.

Member comments included:

- The marked improvement in the performance of the Building Standards section was welcome.
- While the timescales laid down within the planning system put significant pressures on officers, and speedy decision-making was desirable, quality of decision-making was the main priority.
- The Arts sector was also relevant to partnership working, with its impact on Tourism generally as well as on specific projects such as the Inverness Flood Alleviation Scheme.

Thereafter, the Working Group **NOTED** the completed checklist, as slightly expanded and set out in Appendix 1 of these Minutes, and the issues raised during discussion.

The Director left the meeting at 12 noon.

The Working Group then discussed the outcomes from its various meetings held with the Head of Policy and Performance, the Director of Education, Culture and Sport, the Director of Health and Social Care, the Director of TEC Services and the Director of Planning and Development, with a view to the Head of Internal Audit and Risk Management drafting a report on behalf of the Working Group for presentation to the Audit and Scrutiny Committee at its June 2013 meeting.

During discussion, comments made on the Council-wide position included:

- There was a general lack of Unit Cost information.
- Local Authority financial reporting tended to focus on budget performance rather than providing meaningful, high level information on the costing and achievement of outcomes – for example, the cost of educating a child.

- There was little evidence of benchmarking.
- Even with the introduction of the SOLACE indicators, gaps in performance information would remain.
- Association of Public Sector Excellence performance networks constituted one available measurement tool but covered only a limited range of Council services, many relating to TEC Services; the latter could perhaps be encouraged to use the tool on a pilot basis.
- The Council's review of its Local Performance Indicators should conclude within some 4-6 weeks and have its outcome available for the June meeting of the Audit and Scrutiny Committee, at the same time as the report from this Working Group.
- Internal self-evaluation exercises by Services should be subjected to robust independent challenge.
- Members should receive more information on the outcome of such exercises.
- The Council Intranet was not a user-friendly resource for information-gathering, and would benefit from more regular updating and from restructuring on a hierarchical model.
- More clarity was required on the appropriate level of reporting to Area Committees and at Ward level.
- The use of acronyms in Council reporting should be made clearer.

After discussion, the Working Group **AGREED** that the Head of Internal Audit and Risk Management draft a report on behalf of the Working Group, reflecting its comments, for presentation to the Audit and Scrutiny Committee at its June 2013 meeting, the draft to be subject to consultation with the Chair and emailed to all Working Group Members for comment prior to finalisation.

The meeting concluded at 12.40 p.m.

**Health and Social Care Service**

**Scrutiny Review – Audit Scotland National Reports:**

**(1)    Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)    Managing performance are you getting it right?** (sections 2 – 7 of checklist)

**(3)**

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 1. | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services?<br>What information is provided and to whom is this provided? | Yes | Budget monitoring at Service/Area and strategic management.<br><br>Budget monitoring to Committee, including resource implications of service and policy developments.<br><br>Budget monitoring to CEX.<br><br>Self evaluation takes account of cost factors.<br><br>Best value is significant factor in commissioning processes.<br><br>Where choice is available in service decisions, cost is significant factor.<br><br>Ongoing engagement with service providers regarding efficiency.<br><br>Costs will be included in new Children's Plan.<br><br>Costs of adult services provided via NHS Highland governance processes. |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | Yes | Performance information to THC and NHSH Committees.<br><br>Self evaluation takes account of cost factors.<br><br>Commitment to full stakeholder participation, as part of open, strategic commissioning approach. |

| 1.3 | Can I demonstrate that the cost of my services provide value for money? | Not always | Commitment to preventative approach evidences best value. |
| | | | Best value is significant factor in commissioning processes. |
| | | | Where choice is available in service decisions, cost is significant factor. |
| | | | Some services require to be provided, whatever the cost. |
| | | | Some service areas, for example out of authority placements, can be 'sellers markets'. |
| | | | Costs of adult services provided via NHS Highland governance processes. |
| 1.4 | Do I provide cost information together with relevant performance information? | Yes, but... | Both are provided, but not always in the same place at the same time. |
| | | | Costs of adult services provided via NHS Highland governance processes. |
| 1.5 | Can I easily compare my Council's costs and performance information with others? | No | Clarity about what should be included, and available information from other authorities. |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | Yes | Resource implications are included in service planning processes, and reflected in committee reports. |
| 1.7 | Do the reports I provide include information on current costs? | Yes, where relevant | Committee Reports |
| 1.8 | Are the options I provide for consideration fully costed? | Yes | This is effected via strategic commissioning and service planning processes, and where relevant procurement, leading to Committee Reports. |
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | Yes, and regarding less important priorities | This is effected via strategic commissioning and service planning processes, and where relevant procurement, leading to Committee Reports. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | No | Full information is provided, but it is assumed that they all fully understand and can interpret that information. |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | | Full background and contextual information in Committee Reports, seminars and other events, collective and individual briefings. Key roles for individual members, including as Champions. Engagement in service planning and development processes, with other stakeholders. |
| **2.** | **Performance management culture** | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.3 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **3.** | **Performance management framework** | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover: <br>• service performance? <br>• customer satisfaction? <br>• trend data? <br>• benchmarking data? <br>• targets? <br>• outcomes? | Yes | Committee reports. Self evaluation. Children's and Service Plan. Performance Framework. Linkage to individual plans for children. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | No | This is not (yet) a perfect world.  It is most of these things (in the forums and formats above) but can always be improved. |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | Yes, largely | With the caveats above. |
| 5.3 | Does the information I provide tell Members:<br><br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target?<br>• if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies?<br>• if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? | Yes | Committee reports.<br><br>Children's and Service Plan.<br><br>Performance Framework. |
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | Yes | Committee reports.<br>Children's and Service Plan.<br>Performance Framework. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | Yes, regarding performance<br><br>Not always, regarding value for money. | Committee Reports.<br><br>Children's and Service Plan.<br><br>Performance Framework.<br><br>Some services require to be provided, whatever the cost.<br><br>Some service areas, for example out of authority placements, can be 'sellers markets'. |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | Yes | Committee Reports (including Adult Services Sub-committee).<br><br>Children's and Service Plan.<br><br>Performance Framework. |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6. | Self-evaluation and improvement | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | | Overview is included in Children's Plan and Service Plan, and other self-evaluation reports, but most members do not see the detail. |
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | Yes | Committee Reports.<br><br>Children's and Service Plan.<br><br>Performance Framework. |
| 7. | Partnership working | | |
| 7.1 | Do I work constructively with partners to improve performance?<br>If so, how is this reported to Members? | Yes | Committee Reports (including Adult Services Sub-committee)<br><br>Children's, Service Plan, and Performance Framework. |

**Scrutiny Review – Audit Scotland National Reports:**

**(1)     Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)     Managing performance are you getting it right?** (sections 2 – 7 of checklist)

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services?<br>What information is provided and to whom is this provided? | YES | • Budget monitoring (revenue & capital) at PED committee<br>• HOL Board and Business Gateway Contract to PED Committee<br>• Quarterly Performance Report to Chief Executive |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | YES | • Quarterly Audit Scotland Report<br>• Annual Local Finance Return (LFR)<br>• Business Gateway Quarterly Report |
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | YES | • Best Value audit<br>• Local Finance Return<br>• 1 Statutory Performance Indicator (SPI) and Local Performance Indicators (LPI) |
| 1.4 | Do I provide cost information together with relevant performance information? | YES | • Quarterly Audit Scotland (AS) reports to PED<br>• Building Standards Key Performance Outcomes Quarterly |
| 1.5 | Can I easily compare my Council's costs and performance information with others? | YES | • LFR<br>• 1 SPI |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | YES | • Clearly set out in relevant committee reports<br>• Budget setting in service plan |
| 1.7 | Do the reports I provide include information on current costs? | YES | • Set out in relevant committee report |

| 1.8 | Are the options I provide for consideration fully costed? | YES | • Committee reports |
|-----|-----------------------------------------------------------|-----|---------------------|
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | YES | • Revenue reports to PED |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|-----|--------------------------------|---------|----------------------------------------------------------------------|
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | YES | • Committee reports, presentations, P&D Strategy group |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | YES | • Council induction training<br>• Specific training on planning for all members |
| **2.** | **Performance management culture** | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.3 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **3.** | **Performance management framework** | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover:<br><br>• service performance?<br>• customer satisfaction?<br>• trend data?<br>• benchmarking data?<br>• targets?<br>• outcomes? | YES | • Annual Corporate Performance Report<br>• Planning Performance framework to PED and Scottish Government<br>• Building Standards KPO<br>• Audit & Scrutiny reports<br>• Business Gateway (BG) Annual Report<br>• HOL Board Annual Report<br>• Results of Surveys of customers |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 5. | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | YES | • Committee reports incorporate charts/graphs etc |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | YES | • Annual Corporate Performance report<br>• Service Plan<br>• Committee Reports |
| 5.3 | Does the information I provide tell Members:<br><br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target?<br>• if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies?<br>• if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? | YES | • Annual Corporate Performance report<br>• Service Plan<br>• Committee Reports<br>• 1 SPI and LPIs<br>• Development Plan Scheme<br>• Thematic & service reports on commitments for the Council programme |
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | YES | • Committee reports<br>• Service plan<br>• Planning performance framework<br>• Audit and scrutiny report |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | YES | • P&D quarterly reports on performance |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | YES | • Development Plan Scheme<br>• Committee reports<br>• P&D Strategy meetings |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **6.** | **Self-evaluation and improvement** | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | YES | • PSIF eg Planning & Building Standards, employability<br>• Planning Performance Framework |
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | YES | • Planning Performance report includes service improvements plan |
| **7.** | **Partnership working** | | |
| 7.1 | Do I work constructively with partners to improve performance?<br>If so, how is this reported to Members? | YES | • Highland Work Employability Forum<br>• Economic and Environment Forum with minutes to P&D<br>• Caithness & North Sutherland Regeneration Partnership<br>• Access Forum<br>• Highland Forestry Forum<br>• North of Scotland Development Plans forum<br>• BG shared service with Moray Council<br>• Highland Area Tourism Partnership<br>• North Highland Tourism<br>• Reports to PED |

# SCRUTINY WORKING GROUP

# FINAL REPORT

CONSIDERATION OF AUDIT SCOTLAND NATIONAL REPORTS:
USING COST INFORMATION TO IMPROVE PERFORMANCE: ARE YOU GETTING IT RIGHT? AND MANAGING PERFORMANCE: ARE YOU GETTING IT RIGHT?

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**DISTRIBUTION**

| | |
|---|---|
| **DRAFT DATE:** | 22/08/14 |
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## <u>Contents</u>

## 1.    MANAGEMENT SUMMARY

### 1.1    Introduction

In May 2012, Audit Scotland published a national report, *"Using Cost Information to Improve Performance: Are You Getting it Right?"*[1] This was the third report in a series for Members and officers aimed at stimulating change and improving performance in the public sector.

The report was presented to the Finance, Housing and Resources Committee on 22/08/12 and examples were provided of the range of activity in place within the Council that supports good practice in using cost information effectively. However, in view of the detailed nature of the "key points for action" provided within the Audit Scotland report, it was reported that it would be recommended to the Audit & Scrutiny Committee on 20/09/12 that the Scrutiny Working Group should consider the report in depth.   This was subsequently agreed by the Committee.

### 1.2    Objectives and Scope

The Scrutiny Working Group subsequently met to discuss and agree the proposed remit for the review.   In addition, a further Audit Scotland national report, *"Managing performance: are you getting it right?"*[2] published in October 2012, was also discussed.   In view of the overlap between both of these reports, it was agreed that it would be appropriate to consider both within the Scrutiny review, and the agreed remit was:

(i)  To consider the two Audit Scotland national reports as follows:

- "Using cost information to improve performance: are you getting it right?" which highlights the importance of having good quality cost information to inform policy decisions and performance scrutiny.
- "Managing performance: are you getting it right?" which highlights the importance of Councils effectively managing performance and improvement to deliver efficient and effective services to local communities and show that they are achieving best value.

(ii) To establish whether there are further actions for the Council, by using the appendices contained within each report which provide a set of questions for checking progress.

In undertaking the review, the Group agreed to look at the arrangements in the following areas:

- TEC Services
- Planning & Development Service
- Children's Services (Health and Social Care and Education, Culture and Sport Services).

In order to undertake this, the Group met with the respective Service Directors and also the Head of Policy and Performance in order to gain an understanding of the arrangements currently in place.

The Scrutiny Working Group met on 5 occasions between 09/11/12 and 09/04/13 and invited officers to attend in order to gather information regarding the processes in place both corporately and at Service level.

### 1.3    Main Findings

The key messages from the Audit Scotland reports are that:

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[1] http://www.audit-scotland.gov.uk/docs/local/2012/nr_120510_hcw_costs.pdf
[2] http://www.audit-scotland.gov.uk/docs/local/2012/nr_121004_hcw

Cost information

- Councillors need good cost information if they are to make well-informed policy decisions and scrutinise performance effectively.
- Cost information needs to be presented in an open and accessible way along with policy options and performance information to help councillors carry out their role.
- Officers need good-quality cost information to help them manage services efficiently, assess performance and demonstrate value for money.
- A council's approach to using cost information should be driven by its priorities and objectives, with a focus on outcomes for service users and communities.
- Tightening public sector budgets and increasing service demands require more effective use of cost information. Being open about costs can help keep communities engaged in the difficult decisions that lie ahead for councillors.
- The effective use of cost information can lead to improved corporate and partnership working.
- Councils can do more to share good practice and learning and could make more effective use of the existing cost measures and guidance available.

Managing Performance

- Everyone in the council has a role to play in managing performance.
- Councillors need good-quality performance information to make well-informed decisions, scrutinise performance and identify areas for improvement.
- Performance measures must reflect a council's priorities if it is to assure itself that its objectives are being met.
- Managing performance is important for governance and accountability.
- An effective performance management culture, led by both officers and councillors, is essential.
- Performance information must be acted on to improve outcomes.
- Self-evaluation and review activity form an important part of continuous improvement.
- Councillors and officers need to ensure that the principles of effectively managing performance apply equally when working with partners.

In order to address the key messages, the main areas for improvement identified by the Group are as follows (see section 2.4):

- There is insufficient cost information provided to Members at present. This needs to be developed by officers in consultation with Members to ensure that the necessary cost and performance information is provided at Ward and/ or City/ Area levels as required. In developing this information, it should be ensured that this concentrates upon the key activities of Services.
- In order to ensure that Members fully understand the information provided to them, more training is required and this should be provided once the new cost information has been developed.
- There is scope to undertake more benchmarking of Service activities. This can be used to demonstrate that services are being provided in the most efficient and effective manner and/ or identify areas where improvements can be made.
- The results of self-evaluation processes could be reported to Members in order to ensure that they obtain the full picture of all internal and external reviews undertaken within the Council.

**1.4    Conclusion**

There is a great deal of performance information presently produced within the Council and the quantity and quality of this varies between Services. However, there is less cost information provided and the Audit Scotland reports emphasise the importance of providing both good quality cost and performance information

to Members, in order to make properly informed policy decisions. This is of particular importance at present when considering the budget savings that need to be achieved over the next five years.

Since this exercise was undertaken, a further Audit Scotland report *"Options appraisal: are you getting it right?"* was published in March 2014. This report also links the need for good cost and performance information to be available in order to inform the options appraisal process.

Whilst the evidence gathering sessions relate to the previous Council Services, these findings will also apply under the new Structure and it is considered that the recent Council restructuring provides an opportunity to re-examine the key activities within each Service and what cost and performance information is required. This point links with a recently completed audit of budgetary control which identified that there is need for the Council to improve its review of best value in order to better demonstrate that resources are being used in an economical, effective and efficient way. As a result it was recommended that the Executive Leadership Team (ELT) discuss the Audit Scotland reports and the recommendations for Services to develop a more wide-ranging review of service best value to ensure performance (both financial and non-financial) is measured effectively across the Council. This recommendation has been accepted and will be taken forward by the ELT.

Following an Audit Scotland evaluation of Public Performance Reporting in Councils in June 2013 a full review of the audit direction on Statutory Performance Indicators (SPIs) was carried out by the Corporate Performance Manager which consisted of:

- Review of the Council's existing Statutory Performance Indicators (SPIs) and the addition of the Local Government Benchmarking Framework.
- Individual Service reviews of SPIs and new benchmarking SPIs. This resulted in a suite of reports to the Council's Executive Leadership Team and a final report in autumn last year which set out the overall SPI plan for 13/14.

The first report to the Council on this revised approach and indicator set for SPIs will be in March 2015. It will cover benchmarking, cost and qualitative indicators for 2013/14 and will demonstrate a significant change in indicators from previous SPI reports. Progress on this will be measured by the 2015 Audit Scotland evaluation of Public Performance Reporting.

**2.      MEETINGS/ EVIDENCE GATHERING SESSIONS**

A synopsis of each of the meetings and evidence gathering sessions is provided below:

**2.1.   Meeting of 09/11/12**

As this was the first Scrutiny Working Group since the last Council election, the Group was provided with a copy of the framework for the performance of scrutiny reviews for their reference.  Copies of both Audit Scotland reports were also tabled and the Group approved the terms of reference for the scrutiny review.  It was also agreed that the report appendices would be incorporated into a checklist which would be used to provide a framework for the scrutiny review.   The checklist was developed show the Audit Scotland questions and provided a column for "yes/ no" answers

**2.2.   Evidence Gathering Session of 17/01/13**

The Head of Policy and Performance and the Strategic Performance Manager (now Corporate Performance Manager) provided an overview of performance management arrangements within the Council by way of a presentation and completion of the checklist.  Particular areas covered included:
•    Corporate performance reporting
•    Corporate cost indicators
•    Corporate self-evaluation.

The Group were also provided with a copy of the Council's Annual Performance Supplement which was published in the local press in December 2012 and the Council's published cost Statutory Performance Indicators (SPIs) and Local Performance Indicators (LPIs).

**2.3.   Evidence Gathering Sessions – Service Directors**

Each of the Service Directors referred to at 1.2 above were asked to complete the checklist with details of the response for their individual Services and these were provided to the Group at the relevant evidence gathering sessions.  Copies of these checklists are provided at Appendices 1 - 4.

2.3.1  Education, Culture & Sport Evidence Gathering Session of 27/02/13

The Director of Education, Culture and Sport attended this session to report upon the arrangements within his Service for the monitoring of performance and cost information.  The completed checklist was discussed and the following points were raised:

**Checklist   Issue**
**ref.**

1.1           Area Committee reports on Associated School Groups (ASG) - There is scope for improving the standard template report that is provided to Area Committees.   In particular, more detail on academic performance and information leading to a better understanding of local schools was required.   It was also commented that whilst emphasis of extra-curricular activities was important, reference to this in the template appeared disproportionate.

Reporting at Ward level - needed review and Members should be canvassed as to the information they required on local schools.  To aid consistency in reporting at Ward level it was suggested that Ward Members be provided with the same information given to Parent Councils and parents on academic achievement, HMIE reports and

resumés of Quality Assurance visits.

1.3     <u>Value for Money</u> - At a local level it was unclear where Members could find information that split down and compared costs and spending on individual school budgets.  Many were unaware that the Scottish Government's website provided this information as global figures for both primary and secondary provision with access to subsidiary information and individual pupil costs per school.  There is no link to these costs from the Council's website, although there is some reporting within the Ward section of the website.

1.4     <u>Provision of cost information with relevant performance information</u> - There would also be merit in considering training for Members in relation to locating necessary information to gain an understanding of Services in their Ward.

1.5     <u>Comparison of Council's costs and performance information with others</u> - Members needed to know where to find this information and how to interpret it.

1.9     <u>Relevant cost information in respect of most important priorities</u> - The Director commented that this question is almost impossible to answer.  The key areas of the service's priorities; ensuring positive outcomes from pre-school, primary and secondary school and for youngsters going into positive destinations thereafter were evidenced by an amalgam of the Annual Performance Report, Best Value review and reports to the Strategic Committee.  Quality could not easily be measured.  Therefore, the group agreed that the response to the question should state both Yes and No.

1.10    <u>Support for Members in understanding and interpreting financial information</u> - There might be scope for consideration of occasional feedback and review sessions with Members.

4.1     <u>Performance information</u> - Members were presented with performance information relating to corporate activity but also wanted specific information on activity within their own area/wards.  Also, there was a potential training need for Members in accessing information relevant to local performance.

        Performance information which could identify where best practice was being undertaken would assist Members' input to future inspection processes and enable them to become more meaningfully involved in school progress and development.

5.3     <u>Information to Members on meeting targets and impacts</u> - This section should include reference to the budget setting process to reflect the impact on people who use services.  It was queried if the way impacts were reported to Members had the effect of minimising potential the effect of budget impacts – this might be an area for more attention.

5.4     <u>Information to Members on Performance</u> - Thematic and Service reports were submitted only to the Administration Leadership Group and Strategic Business Meeting and were ragged against progress targets with appropriate commentary on slippage and action taken. Dissemination of current performance information to all Members was not carried out on an equal basis.

5.5     <u>Information to allow Members to challenge performance </u>- The Revenue and Capital monitoring statements to Committees provided

the most accessible format for this for the majority of Members.

6.1    <u>Self-Evaluation and Improvement</u> - This was an improving situation although it was uncertain whether all Members understood where to access this information. Reference should also be included to the processes associated with "For Highland Children 4" and the suite of activities surrounding Improvement Groups on Child Protection and Youth Justice.

6.3    <u>Regular updates on Progress against improvement plans</u> - This section should include reference to PSIF and the extent to which this was reported to Members might require further exploration.

It was confirmed that the Head of Policy and Performance reported on progress against PSIF as a whole at a corporate level. Reference to Committee might be necessary if the PSIF exercise highlighted a need for changes at a Service level. Also, some parts of the PSIF model involved elected Members, particularly in relation to leadership.

2.3.2  TEC Services and Health and Social Care Evidence Gathering Sessions of 08/03/13

The Director of TEC Services attended the meeting and in response to questions, explained that:

- in relation to road maintenance, the SOLACE performance indicators were based on the cost per kilometre of road, i.e. the total spent on roads divided by the road length. However, this was not necessarily a measure of how well a local authority was performing;
- cost information on key items such as resurfacing and surface dressing was available but was not reported to Committee. Detailed information such as the cost of filling individual potholes was not currently available and to provide it would create a considerable administrative burden;
- in calculating costs, overheads were fixed;
- with regard to benchmarking, "family groups" of similar Councils, ie those with an urban centre and a large rural area, had been identified by CoSLA and the Society of Chief Officers of Transportation in Scotland (SCOTS). In addition, the Association of Public Service Excellence (APSE) had a number of performance networks which the Council was involved in. However, unless all local authorities adopted the same systems, it was difficult to provide an accurate comparison;
- best practice was shared through professional groups such as SCOTS as well as by collaborate working;
- Highland Council was tenth highest of 32 local authorities in the Road Condition Survey 2011/12. However, it had the fifth lowest spend per kilometre so it could be surmised that better value for money was being achieved than in some other Councils;
- in relation to street lighting, the increasing cost of electricity was a significant pressure and information was provided on the procurement process and the various elements charged for. A number of trials had been carried out to establish the most effective way of providing street lighting and LED lighting was now being utilised. Although more expensive to install, it was low energy, longer lasting and would reduce ongoing maintenance costs;
- with regard to whether it would be cheaper for the Council to produce its own electricity, the capital investment required to set up a generating company would be significant. It was a complex area which had not been examined in detail. Self-generating options such as solar powered street lights had been explored. However, they had not proved viable;

- Energy from Waste (EfW) was no longer a viable option given the Scottish Government's Zero Waste Policy which restricted the materials which could be used;
- in relation to procurement, a combination of internal and Scotland Excel contracts was used and evaluations were carried out in order to ensure that best value was being achieved;
- with regard to reporting on regulatory matters such as environmental health inspections, the Food Standards Agency carried out an annual audit which was reported to Committee;
- briefings would continue to be provided on significant issues to ensure that Members fully understood the options and cost implications. For example, changes in waste management required as a result of the landfill ban being implemented in 2021;
- in relation to procurement, there was a central Stores and Purchasing Manager based in Inverness as well as a number of satellite stores. All purchasing was carried out through the Council's Corporate Procurement Unit and was subject to competitive tendering;
- some items, such as road salt, had to be kept in stock. Other items, such as parts for vehicle repairs, were ordered as and when required;
- Internal Audit examined procurement on a frequent basis. In addition, the Corporate Improvement team was currently carrying out an exercise on procurement;
- the Service Plan was based on the Council's Programme and this was key to performance monitoring. In addition, monitoring information was provided on statutory and internal performance indicators as well as any external or internal audit reports. Updates on various Strategies, Management Plans and Operational Plans were reported to Committee and this covered areas of the Service not specifically included in the Council's programme such as Environmental Health and Trading Standards;
- roads, bridges and marine infrastructure were the main areas requiring investment;
- with regard to Environmental Health inspections, a risk based approach had been adopted;
- in relation to the Annual Performance Survey, TEC Services was responsible for many of the services the public considered to be most important. However, these were also the areas of greatest dissatisfaction;
- some performance issues were difficult to address as they required major budget shifts; and
- TEC Services had a programme of self-evaluation which was being rolled out. In addition, Best Value Reviews were carried out and some areas of the Service were subject to scrutiny by external bodies such as the Food Standards Agency.

During further discussion, the following comments were made:-

- it was essential that accurate cost information was available to Members to inform investment decisions and to allow appropriate budgets to be set to maintain standards;
- TEC Services was subject to significant external cost pressures over which they had no control;
- whilst Members received some cost information, it was important that they better understood the underlying costs and the drivers around costs within Services;
- moving to five year budgets would be beneficial and it was suggested that there should be a ten year horizon with regard to changes within Services;
- some of the information provided to Members was complex and technical and it was suggested that consideration be given to how it could be made more accessible. In addition, more in-depth training for Committee

Members would be beneficial in order that they fully understood the issues and were better able to make decisions and inform constituents;

- reference was made to instances of excessively expensive consumables being purchased in Council premises and information was sought as to whether detailed information on the cost of individual items was accessible to Members;
- there might be merit in the Audit and Scrutiny Committee examining procurement within the Council and whether it was good value for money;
- it was difficult to accurately gauge customer satisfaction as people were more likely to contact the Council when they had a complaint;
- the amount of information produced by the Council was vast and it was suggested there might be merit in more targeted risk-based reporting, thereby allowing officer time to be spent elsewhere;
- TEC Services officers were effective at providing information and explaining issues direct to local Ward Members; and
- some budgetary anomalies arising from the amalgamation of Highland Regional Council and District Councils had not been resolved with some Services having higher levels of spend in some areas than in others and it was important that these issues were addressed.

The Director of Health and Social Care then attended the meeting and provided the following response to questions raised by Members:-

- the nature of children's services was such that it was often demand led and responsive. However, where choice was available in service decisions, cost was a significant factor;
- in relation to self-evaluation, the Care Inspectorate Quality Indicators Framework was used as a common approach facilitated matters when inspections were carried out. Self-evaluation was carried out across areas of service such as Learning Disability Services or Looked After Children's Services. In addition, every individual unit and team had a Development Plan based on self-evaluation. In the units, which were inspected, these were available as a written document and work was ongoing to ensure that the same practice was adopted in each team;
- it was straightforward to establish the costs of a dedicated unit. However, it was more difficult to calculate costs across teams and areas of service as many staff worked interchangeably across several areas;
- cost issues in self-evaluation were rarely about the full cost of the service. For example, the manager of a children's unit did not influence the full cost of the unit but did control things such as heating, lighting and consumables and the cost impact thereof;
- in relation to the new Children's Plan, For Highland's Children 4 (FHC4), there was an aspiration to develop a sub-plan which would be a commissioning plan including cost information. Discussions were ongoing with the contract team and third sector partners as to how that could be achieved;
- with regard to the commissioning of adult services from NHS Highland, the responsibility for providing cost information to Audit Scotland remained with the Council;
- the two main areas of overspend were out of authority residential placements and out of authority fostering placements and these were closely monitored. Spreadsheets were maintained and officers from Health and Social Care and Finance examined every placement each monitoring period and projected costs until the end of the financial year;
- the SOLACE performance indicators would be published as league tables. However, different local authorities adopted different approaches to how they compiled their indicators and it was therefore difficult to obtain an accurate comparison with another Council. In addition, the circumstances in Highland,

a large mainly rural area, were very different to those in an urban local authority;

- performance information did not usually come with cost information, partially because performance was increasingly based on outcomes rather than inputs. However, it should still be possible to align the two;
- the SOLACE indicators focused on a small number of areas but didn't cover all of the Service's activities;
- in Children's Services the principles of strategic commissioning, whereby different stakeholders came to a consensus about how to meet identified need, was not a significant change in practice. However, moving away from that to then make decisions about funding and who should provide the necessary services was more challenging;
- in relation to item 1.10 on the checklist, whilst full financial information was provided, it was assumed that Members fully understood and could interpret that information. It was acknowledged that there was a range of understanding on different issues and more could be done to make the information provided more accessible;
- performance management was very different in the Council and NHS Highland with NHS Highland committee agendas being entirely based on performance whereas the Council also had to make policy and strategy decisions Whilst there was a case for closer performance monitoring within the Council, focusing on trajectories could detract from looking at the system as a whole and it was suggested that there was a balance to be achieved between the two approaches;
- once performance indicators were agreed, they were included in several different documents such as the Children's Plan, the Service Plan, the Council's Corporate Plan and the Single Outcome Agreement and it was therefore difficult to make amendments;
- with regard to FHC4, there would be a web-based version which would be updated with the latest performance information;
- inputting of data into the Council's Performance and Risk Management System was currently carried out by one member of staff. In time, the intention was that frontline managers would input their own local information. However, other local authorities which had adopted a devolved approach had struggled with consistency and this would require to be addressed;
- it was difficult to achieve value for money in some service areas. For example, if a child required a residential placement the first available place would be taken, regardless of the cost;
- in relation to self-evaluation, FHC4 provided an overview but most Members did not see individual self-evaluation reports and these were difficult to provide as it was an ongoing process;
- the Care Inspectorate Quality Indicators Framework was quite broad whereas the corporate PSIF model allowed more in-depth examination of certain areas and had a robust scoring mechanism. The PSIF model had been used to examine general areas such as Criminal Justice services. In future, the intention was to use it to test assumptions about areas of detail - for example, the involvement of parents in learning disability services;
- with regard to Criminal Justice performance monitoring, there was a set of national standards similar to HEAT targets and there was a challenge to be addressed by the Criminal Justice Sub-Committee as to how to move to a level of scrutiny based on quality rather than quantity; and
- there was a process of case review whereby the lead service could initiate a serious incident review, not only when there was a tragedy but where there were near misses or lessons which could be learnt. Such reviews were carried out in-house and by a single service. On the basis of the findings, any of the public agencies involved could request a significant case review which would require to be sanctioned by the strategic lead. Significant case reviews took

place two or three times a year and, in a child protection case for example, the outcome would be reported to the Child Protection Committee.

During further discussion, the following comments were made:-

• the importance of flagging potential overspends at an early stage in order to allow remedial action to be taken was emphasised;

• some services required to be provided regardless of the cost and the importance of putting the child first was recognised;

• there was a potential risk that the resources being used to prepare increasingly complex performance information might be better spent on frontline services.  Similarly, spending too much time carrying out self-evaluation could have a negative impact and it was important to achieve a balance;

• Members were sometimes provided with too much information and it was reiterated that consideration be given to how to make it more concise and accessible;

• further work was required in relation to the provision of qualitative indicators for both Adult and Children's Services; and

• it was important to ensure that Members were fully aware of the case review process so they could be confident in the system as a whole.

2.3.3  Planning and Development Evidence Gathering Session of 09/04/13

The Director of Planning and Development gave a presentation in support of the checklist, as populated with evidence in respect of his Service, which was tabled at the meeting.

| Checklist ref. | Issue |
|---|---|
| 1.5 | <u>Benchmarking against others</u> – The Service Plan did not contain benchmarking data comparing costs with those of other Councils.  The Director acknowledged that more could probably be done to develop Performance Indicators facilitating comparison with other large rural authorities in particular. |
| 1.11 | <u>Member training</u> - There was general comment that the overall volume of induction training for new Members could lead to overload, which was potentially counter-productive to gaining a meaningful understanding of processes and responsibilities, including effective scrutiny.  It was not clear how to measure the effectiveness of the training, whether general or service-specific. |
| 4.1 | <u>Customer Satisfaction</u> – A "Survey Monkey" link provided at the end of all Planning and Development officer emails, to facilitate feedback, represented good practice that other Services could perhaps adopt. |
| 5.1&2 | <u>Information to Members</u> – Performance reporting was regularly an early Committee agenda item, to encourage Member scrutiny.  Every effort was made to present information to Members in a concise and easily understood format, with use of charts and graphs and a concise opening report summary. |
| 6.1 | <u>Self-Evaluation and Improvement</u> – Whilst the Service had made extensive use of self-evaluation processes, in particular the Public Sector Improvement Framework, it was not clear that the outcomes were being reported to Members.  The Director undertook to look into this. |

During discussion, comments made on the Council-wide position included:

• There was a general lack of unit cost information.

- Local Authority financial reporting tended to focus on budget performance rather than providing meaningful, high level information on the costing and achievement of outcomes – for example, the cost of educating a child.
- There was little evidence of benchmarking.
- Even with the introduction of the SOLACE indicators, gaps in performance information would remain.
- Association of Public Sector Excellence performance networks constituted one available measurement tool but covered only a limited range of Council services, many relating to TEC Services; the latter could perhaps be encouraged to use the tool on a pilot basis.
- Internal self-evaluation exercises by Services should be subjected to robust independent challenge.
- Members should receive more information on the outcome of such exercises.
- The Council Intranet was not a user-friendly resource for information-gathering, and would benefit from more regular updating and from restructuring on a hierarchical model.
- More clarity was required on the appropriate level of reporting to Area Committees and at Ward level.
- The use of acronyms in Council reporting should be made clearer.

At the end of this meeting it was agreed that the ASC Chair and Vice Chair would meet with the Head of Internal Audit & Risk Management to agree the overall findings from the review which are detailed below.

### 2.4. Group Findings

- There is scope for improved reporting to Wards and/ or City/ Area Committees.  At present it is unclear who actually uses this information and who agreed the information that is presently provided.

- During the evidence gathering sessions, reference was made to self-evaluation processes including the Public Sector Improvement Framework (PSIF).  However, there is no reporting to Committees upon the results of these or upon progress in addressing action plans and therefore, these are not subject to Member scrutiny.

- There is a need for more training for Members to ensure that they fully understand the information provided to them by Officers.

- Little unit cost information is produced; "Using Cost Information to Improve Performance: Are You Getting it Right?" refers to the importance of cost information and states that "cost information is an essential element in assessing overall performance" (see pages 5 – 8 of report) and in particular, *"knowing what it costs to deliver a service is a key input measure".*  There is need to improve upon this within the Council.

- All Services are not measuring cost and performance relating to their key activities; in the evidence gathering sessions some Directors referred to the difficulties associated with this.

- There is little benchmarking undertaken but APSE data, in particular, could be used by the Education, Culture and Sport and TEC Services.

**3.     ACTION PLAN**

| REF. | ISSUE RAISED | AGREED ACTIONS | RESPONSIBLE OFFICER | TARGET DATE |
|---|---|---|---|---|
| 2.4 | There is scope for improved reporting to Wards and/ or City/ Area Committees. | The ELT will undertake a review of performance management systems within the Council, and bring forward detailed recommendations.<br><br>A meeting has now been scheduled for 04/12/14. | Executive Leadership Team | 31/03/15 |
|  | The results of self-evaluation exercises or progress in addressing action plans are not reported to Committees.  Therefore, these are not subject to Member scrutiny. | Improvement actions should be incorporated into the annual Service plans which are reported to the relevant strategic Committees.  However, this has not been consistent and Directors should ensure that all improvement actions are included in their Service plans. | Executive Leadership Team | 31/03/15 |
|  |  | There are also examples of more specific reporting to Members on self-evaluation exercises from the Care and Learning Service:<br><br>• Self-evaluation was core to the service planning approach used in the production of For Highland's Children 4 which was approved by the Education, Children and Adult Services Committee on 28/08/14.<br>• This same Committee also considered a report on improving the self-evaluation process within Schools. | N/A | N/A |
|  |  | It is considered that there is scope for some self-evaluation exercises, particularly cross-cutting assessments or reviews by regulatory bodies. | Executive Leadership Team | 31/03/15 |

| REF. | ISSUE RAISED | AGREED ACTIONS | RESPONSIBLE OFFICER | TARGET DATE |
|---|---|---|---|---|
| 2.4 (cont'd) | There is a need for more training for Members to ensure that they fully understand the information provided to them by Officers. | A CIPFA trainer was used to provide further scrutiny training to Members on 09/05/14.<br><br>In addition, in-house training on scrutiny of Police and Fire local plans was been provided to Members of the CPE and ACS Committees. This model could be replicated for wider in-house use for Member training. | N/A | Completed |
| | Little unit cost information is presently produced. | These issues will be taken forward as part of the ELT review detailed above. | Executive Leadership Team | 31/03/15 |
| | All Services are not measuring cost and performance relating to their key activities. | A report will be provided to Council in March 2015 with the new performance data which covers benchmarking, cost and qualitative indicators. | Corporate Performance Manager | 31/03/15 |
| | There is limited benchmarking undertaken by Services. | | | |

**Scrutiny Review – Audit Scotland National Reports:**

**(1)     Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)     Managing performance are you getting it right?** (sections 2 – 7 of checklist)

Education, Culture and Sport Service's response

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services?<br>What information is provided and to whom is this provided? | Yes | • Service Budget Monitoring at Strategic Committees<br>• Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report<br>• Budget consultation information<br>• Area Committee Reports on Associated School Groups |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | Yes | • Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report<br>• New SOLACE benchmarking data<br>• Public Performance Survey<br>• Annual Standards and Quality Report<br>• Area Committee Reports on Associated School Groups |
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | Yes | • Best Value audit of Council<br>• New SOLACE benchmarking data allows comparison with other Councils to identify potential areas where better value could be sought<br>• Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report. In many cases the costs are reducing.<br>• Area Committee Reports on Associated School Groups |
| 1.4 | Do I provide cost information together with relevant performance information? | Yes | • Area Committee Reports on Associated School Groups<br>• Annual Corporate Performance Report<br>• Strategic Committee Reports |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 1.5 | Can I easily compare my Council's costs and performance information with others? | Yes | • 4 SPIs<br>• New SOLACE benchmarking data<br>• ScotXed Census data published by Scottish Government |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | Yes | • Resource implications within policy reports to committees<br>• Budget setting process<br>• Budget consultation |
| 1.7 | Do the reports I provide include information on current costs? | Yes | Resource implications within policy reports to committees |
| 1.8 | Are the options I provide for consideration fully costed? | Yes | Resource implications within policy reports to committees |
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | Yes | • LPIs e.g. Cost per pupil, Cost per supply teacher<br>• Annual Performance Report |
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | Yes | Committee Reports, Presentations and Questions |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | Yes | The Service objectives derive from the Council Programme. Significant input in terms of information reports and discussion in relation to Curriculum for Excellence at Committee.  There have also been Member seminars for Getting it Right and For Highland's Children Planning. |
| **2.** | **Performance management culture** | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | | | |
| 2.3 | | | |
| **3.** | **Performance management framework** | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover:<br><br>• service performance?<br>• customer satisfaction?<br>• trend data?<br>• benchmarking data?<br>• targets?<br>• outcomes? | Yes | • Annual Corporate Performance Report<br>• Public Performance Survey<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports<br>• Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• SOA annual report<br>• Corporate performance framework<br>• SOA performance framework |
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | Yes | Committee Reports and Minutes |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | Yes | • Annual Corporate Performance Report<br>• Service Plan<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports<br>• Committee Reports<br>• Area Committee Reports on Associated School Groups |
| 5.3 | Does the information I provide tell Members:<br><br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target?<br>• if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies?<br>• if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? | Yes | • Annual Corporate Performance Report<br>• Service Plan<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports<br>• Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• Thematic and Service Reports on commitments for the Council Programme<br>• Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report<br>• Committee report templates for equalities, carbon and resource implications |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| | | | • Equalities statements in budget templates |
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | Yes | • Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• Thematic and Service Reports on commitments for the Council Programme<br>• Service Plan<br>• Annual Standards and Quality Report<br>• Audit and Scrutiny Reports |
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | Yes | Local Performance Indicators (9-14) as reported to Highland Council in Annual Corporate Performance Report |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | Yes | • Committee Reports<br>• Area Committee Reports on Associated School Groups<br>• Thematic and Service Reports on commitments for the Council Programme<br>• Service Plan<br>• Annual Standards and Quality Report |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| **6.** | **Self-evaluation and improvement** | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | Yes | • Public service Improvement Framework<br>• Education Scotland Inspection Reports<br>• Ward Reporting<br>• Annual Standards and Quality Report<br>• School Improvement Plans available on website<br>• School Standards and Quality Reports available on website<br>• Area Committee Reports on Associated School Groups |
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | Yes | • Education Scotland Inspection Reports<br>• Ward Reporting<br>• Annual Standards and Quality Report<br>• School Improvement Plans available on website<br>• School Standards and Quality Reports available on website<br>• Area Committee Reports on Associated School Groups<br>• Committee Reports and Minutes |
| **7.** | **Partnership working** | | |
| 7.1 | Do I work constructively with partners to improve performance?<br>If so, how is this reported to Members? | Yes | • For Highland's Children Leadership Group<br>• Highland Child Protection Committee<br>• Joint Commissioning Group<br>• Area Committee Reports on Associated School Groups<br>• Education Scotland Inspection Reports<br>• Ward Reporting<br>• Annual Standards and Quality Report |

**Scrutiny Review – Audit Scotland National Reports:**

**(1)**   **Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)**   **Managing performance are you getting it right?** (sections 2 – 7 of checklist)

TEC Services' response

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services?<br>What information is provided and to whom is this provided? | Yes | Budget monitoring reports (Revenue and Capital) to the TECS Committee.<br><br>Details of Harbours trading accounts and debt management reported to the Fishery Harbours Management Board. |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | Yes | Quality reported through SPIs and IPIs<br><br>2 SPIs cost based (waste management)<br><br>New SOLACE indicators<br><br>Costs reported through revenue and capital monitoring reports |
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | Yes | Best Value Audit of the Council<br><br>Audit Scotland – Assurance and Improvement Plan<br><br>Procurement (goods & services)<br><br>New SOLACE indicators |
| 1.4 | Do I provide cost information together with relevant performance information? | Yes | SPIs<br>Net cost of refuse collection per premise<br>Net cost of refuse disposal per premise.<br><br>New SOLACE indicators |
| 1.5 | Can I easily compare my Council's costs and performance information with others? | Yes? | SPIs<br><br>New SOLACE indicators |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | Yes | Reports to TECS Committee Budget reports to the Council |
| 1.7 | Do the reports I provide include information on current costs? | Yes | Committee Reports Capital programme Road maintenance programmes |
| 1.8 | Are the options I provide for consideration fully costed? | Yes | Committee Reports Options Appraisals |
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | Yes | Financial monitoring reports |
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | Yes? | Financial monitoring reports to TECS Committee Scope for improvement |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | Yes? | Induction training for Members at start of each Council Specific session relating to TECS at start of each Council Given the breadth of Council/ TECS activities scope for improvement |
| 2. | **Performance management culture** | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | | | |
| 2.3 | | | |
| 3. | **Performance management framework** | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover: service performance? <br><br>• customer satisfaction? <br>• trend data? <br>• benchmarking data? <br>• targets? <br>• outcomes? | Yes? | SPIs / IPIs <br><br> Annual Performance Survey <br><br> Scope for improvement |
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | Yes? | SPIs/ LPIs/ Annual Performance Survey <br><br> Financial reporting |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | Yes | Audit Scotland Reports – e.g. Maintaining Scotland's Roads <br><br> Audit Scotland – Assurance and Improvement Plan <br><br> SPIs/ LPIs |
| 5.3 | Does the information I provide tell Members: <br><br>• if we are meeting our targets? <br>• why variances occurred? <br>• what the implications are of not meeting the target? <br>• if resources are adequate? <br>• what impact it will have on people who use services, local people and partner agencies? <br>• if there is an impact on equalities, sustainability or efficiency? <br>• what impact this might have on corporate priorities? | Yes? | Information contained in financial monitoring reports to Committee. <br><br> Scope for Improvement |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | Yes? | Reports to Committee<br><br>Scope for improvement |
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | Yes? | Reports to Committee<br><br>Scope for improvement |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | Yes | Service Plan<br><br>Specific Plans<br>Waste Management Strategy<br>Road Asset Management Plan<br>Environmental Health Operational Plan<br>Trading Standards Operational Plan |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **6.** | **Self-evaluation and improvement** | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | No | TECS has undertaken self-assessment in relation to Environmental Health but not reported to Members.<br><br>Extend areas of self-assessment<br><br>Report to Committee |
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | Yes | Updates provided to TECS Committee on:<br><br>Service Plan<br>Waste Management Strategy<br>Road Asset Management Plan<br>Environmental Health Operational Plan<br>Trading Standards Operational Plan |
| **7.** | **Partnership working** | | |
| 7.1 | Do I work constructively with partners to improve performance?<br>If so, how is this reported to Members? | Yes | Moray Council – Waste Management Strategy – TECS Committee<br><br>Highland and Island Councils – Joint Framework Agreement for engineering consultancy services – TECS Committee<br><br>Transport Scotland – Trunk Road improvements/ Inverness West Link – reported to TECS<br><br>Integrated Transport Project – reported to TECS Committee.<br><br>Police (road safety) reported to CPE<br><br>Scotland Transerv - operational efficiencies |

**Scrutiny Review – Audit Scotland National Reports:**

**(1)** **Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)** **Managing performance are you getting it right?** (sections 2 – 7 of checklist)

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services?<br>What information is provided and to whom is this provided? | Yes | Budget monitoring at Service/Area and strategic management.<br><br>Budget monitoring to Committee, including resource implications of service and policy developments.<br><br>Budget monitoring to CEX.<br><br>Self evaluation takes account of cost factors.<br><br>Best value is significant factor in commissioning processes.<br><br>Where choice is available in service decisions, cost is significant factor.<br><br>Ongoing engagement with service providers regarding efficiency.<br><br>Costs will be included in new Children's Plan.<br><br>Costs of adult services provided via NHS Highland governance processes. |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | Yes | Performance information to THC and NHSH Committees.<br><br>Self evaluation takes account of cost factors.<br><br>Commitment to full stakeholder participation, as part of open, strategic commissioning approach. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | Not always | Commitment to preventative approach evidences best value.<br><br>Best value is significant factor in commissioning processes.<br><br>Where choice is available in service decisions, cost is significant factor.<br><br>Some services require to be provided, whatever the cost.<br><br>Some service areas, for example out of authority placements, can be 'sellers markets'.<br><br>Costs of adult services provided via NHS Highland governance processes. |
| 1.4 | Do I provide cost information together with relevant performance information? | Yes, but... | Both are provided, but not always in the same place at the same time.<br><br>Costs of adult services provided via NHS Highland governance processes. |
| 1.5 | Can I easily compare my Council's costs and performance information with others? | No | Clarity about what should be included, and available information from other authorities. |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | Yes | Resource implications are included in service planning processes, and reflected in committee reports. |
| 1.7 | Do the reports I provide include information on current costs? | Yes, where relevant | Committee Reports |
| 1.8 | Are the options I provide for consideration fully costed? | Yes | This is effected via strategic commissioning and service planning processes, and where relevant procurement, leading to Committee Reports. |
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | Yes, and regarding less important priorities | This is effected via strategic commissioning and service planning processes, and where relevant procurement, leading to Committee Reports. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | No | Full information is provided, but it is assumed that they all fully understand and can interpret that information. |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | | Full background and contextual information in Committee Reports, seminars and other events, collective and individual briefings.<br><br>Key roles for individual members, including as Champions.<br><br>Engagement in service planning and development processes, with other stakeholders. |
| 2. | Performance management culture | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | | | |
| 2.3 | | | |
| 3. | Performance management framework | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 4. | Performance measures | | |
| 4.1 | Does the information I provide cover:<br><br>• service performance?<br>• customer satisfaction?<br>• trend data?<br>• benchmarking data?<br>• targets?<br>• outcomes? | Yes | Committee reports.<br><br>Self-evaluation.<br><br>Children's and Service Plan.<br><br>Performance Framework.<br><br>Linkage to individual plans for children. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | No | This is not (yet) a perfect world. It is most of these things (in the forums and formats above) but can always be improved. |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | Yes, largely | With the caveats above. |
| 5.3 | Does the information I provide tell Members:<br><br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target?<br>• if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies?<br>• if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? | Yes | Committee reports.<br><br>Children's and Service Plan.<br><br>Performance Framework. |
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | Yes | Committee reports.<br><br>Children's and Service Plan.<br><br>Performance Framework. |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | Yes, regarding performance<br><br>Not always, regarding value for money. | Committee Reports.<br><br>Children's and Service Plan.<br><br>Performance Framework.<br><br>Some services require to be provided, whatever the cost.<br><br>Some service areas, for example out of authority placements, can be 'sellers markets'. |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | Yes | Committee Reports (including Adult Services Sub-committee).<br><br>Children's and Service Plan.<br><br>Performance Framework. |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **6.** | **Self-evaluation and improvement** | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | | Overview is included in Children's Plan and Service Plan, and other self-evaluation reports, but most members do not see the detail. |
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | Yes | Committee Reports.<br><br>Children's and Service Plan.<br><br>Performance Framework. |
| **7.** | **Partnership working** | | |
| 7.1 | Do I work constructively with partners to improve performance?<br>If so, how is this reported to Members? | Yes | Committee Reports (including Adult Services Sub-committee)<br><br>Children's, Service Plan, and Performance Framework. |

**Scrutiny Review – Audit Scotland National Reports:**

**(1)** **Using cost information to improve performance: are you getting it right?** (section 1 of checklist)

**(2)** **Managing performance are you getting it right?** (sections 2 – 7 of checklist)

Planning and Development Service's response

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|---|---|---|---|
| **1.** | **Using cost information to improve performance** | | |
| 1.1 | Do I provide appropriate information on the cost of my activities and services? What information is provided and to whom is this provided? | YES | • Budget monitoring (revenue & capital) at PED committee • HOL Board and Business Gateway Contract to PED Committee • Quarterly Performance Report to Chief Executive |
| 1.2 | Do I provide information on both the quality and the cost of services in order to enable the scrutiny of performance? | YES | • Quarterly Audit Scotland Report • Annual Local Finance Return (LFR) • Business Gateway Quarterly Report |
| 1.3 | Can I demonstrate that the cost of my services provide value for money? | YES | • Best Value audit • Local Finance Return • 1 Statutory Performance Indicator (SPI) and Local Performance Indicators (LPI) |
| 1.4 | Do I provide cost information together with relevant performance information? | YES | • Quarterly Audit Scotland (AS) reports to PED • Building Standards Key Performance Outcomes Quarterly |
| 1.5 | Can I easily compare my Council's costs and performance information with others? | YES | • LFR • 1 SPI |
| 1.6 | When I ask Members to make decisions, are policy options supported with adequate information on the cost implications of those options? | YES | • Clearly set out in relevant committee reports • Budget setting in service plan |
| 1.7 | Do the reports I provide include information on current costs? | YES | Set out in relevant committee report |
| 1.8 | Are the options I provide for consideration fully costed? | YES | Committee reports |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|---|---|---|---|
| 1.9 | Do I provide the relevant cost information in respect of my most important priorities/service areas? | YES | Revenue reports to PED |
| 1.10 | Do I ensure that I support Members to fully understand and interpret the financial information I provide? | YES | Committee reports, presentations, P&D Strategy group |
| 1.11 | What Service specific training has been provided to Members in order that they can understand the Service's objectives? | YES | • Council induction training<br>• Specific training on planning for all members |
| **2.** | **Performance management culture** | | |
| 2.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 2.2 | | | |
| 2.3 | | | |
| **3.** | **Performance management framework** | | |
| 3.1 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| **4.** | **Performance measures** | | |
| 4.1 | Does the information I provide cover:<br><br>• service performance?<br>• customer satisfaction?<br>• trend data?<br>• benchmarking data?<br>• targets?<br>• outcomes? | YES | • Annual Corporate Performance Report<br>• Planning Performance framework to PED and Scottish Government<br>• Building Standards KPO<br>• Audit & Scrutiny reports<br>• Business Gateway (BG) Annual Report<br>• HOL Board Annual Report<br>• Results of Surveys of customers |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available?<br>If no, what actions are required? |
|-----|-----|-----|-----|
| **5.** | **Performance information** | | |
| 5.1 | Is the performance information I provide concise, accurate, balanced and presented in an easily understandable format? | YES | Committee reports incorporate charts/graphs etc |
| 5.2 | Do I provide performance information to Members which is clear and concise and allows them to judge how well we are doing? | YES | • Annual Corporate Performance report<br>• Service Plan<br>• Committee Reports |
| 5.3 | Does the information I provide tell Members:<br><br>• if we are meeting our targets?<br>• why variances occurred?<br>• what the implications are of not meeting the target?<br>• if resources are adequate?<br>• what impact it will have on people who use services, local people and partner agencies?<br>• if there is an impact on equalities, sustainability or efficiency?<br>• what impact this might have on corporate priorities? | YES | • Annual Corporate Performance report<br>• Service Plan<br>• Committee Reports<br>• 1 SPI and LPIs<br>• Development Plan Scheme<br>• Thematic & service reports on commitments for the Council programme |
| 5.4 | Does the information I present to Members tell them:<br><br>• what performance is predicted over the short and longer term?<br>• what action needs to be taken to see improved performance (this could include additional resources, more training)?<br>• where there is under-performance when will it be back on track and whether additional resources are required to achieve this? | YES | • Committee reports<br>• Service plan<br>• Planning performance framework<br>• Audit and scrutiny report |

| No. | Questions for Service Directors | Yes/ No | If yes, what evidence is available? If no, what actions are required? |
|-----|--------------------------------|---------|----------------------------------------------------------------------|
| 5.5 | Does the information I provide allow Members to challenge over and under-performance and question whether we are achieving value for money? | YES | P&D quarterly reports on performance |
| 5.6 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 5.7 | Does the performance information I provide to Members allow them to monitor progress on priorities and plans? | YES | • Development Plan Scheme<br>• Committee reports<br>• P&D Strategy meetings |
| 5.8 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6. | Self-evaluation and improvement | | |
| 6.1 | What information do I provide to Members of the self-evaluation and review processes relevant to my Service? | YES | • PSIF e.g. Planning & Building Standards, employability<br>• Planning Performance Framework |
| 6.2 | Not applicable to Service Directors | N/A | Not applicable to Service Directors |
| 6.3 | Do I provide regular updates on progress against improvement plans relevant to my Service? | YES | • Planning Performance report includes service improvements plan |
| 7. | Partnership working | | |
| 7.1 | Do I work constructively with partners to improve performance? If so, how is this reported to Members? | YES | • Highland Work Employability Forum<br>• Economic and Environment Forum with minutes to P&D<br>• Caithness & North Sutherland Regeneration Partnership<br>• Access Forum<br>• Highland Forestry Forum<br>• North of Sutherland Development Plans forum<br>• BG shared service with Moray Council<br>• Highland Area Tourism Partnership<br>• North Highland Tourism<br>• Reports to PED |