	Agenda Item	**27**
The Highland Council		
	Report No	**RES/ 118/15**
Resources Committee – 25 November 2015		

<div align="center">

The Highland Council

Resources Committee – 25 November 2015

Internal and External Audit Reports

Report by Depute Chief Executive/Director of Corporate Development

</div>

Summary

This report updates Resources Committee on the outcome of the Internal Audit Reports on Corporate Control of Overtime and Verification of Performance Indicators 2013-14 and the External Audit Report on Public Performance Reporting which were reported to Audit and Scrutiny Committee on 30 September 2015.

1. Corporate Control of Overtime

1.1 The first objective of the internal audit review was to ensure that all overtime worked is subject to appropriate prior approval and follows consideration of other alternative working practices. The review found that this objective was **fully achieved**.

1.2 The second objective was to ensure that overtime costs are monitored, including the regular consideration of reports by the Executive Leadership Team. The review found that this objective was **partially achieved** and 3 medium recommendations were made as per the action plan.

1.3 The third objective was to ensure that overtime payments comply with the various rules for overtime working, including those relating to the grades which attract such payments. The review found that this objective was **substantially achieved** and 1 low recommendation was made as per the action plan.

1.4 The Internal Audit opinion was that **Substantial Assurance** could be given to the Corporate Control of Overtime. The Internal Audit Report and Action Plan are appended.

2. Verification of Statutory Performance Indicators 2013-14

2.1 The first objective of the internal audit review was to ensure that the systems for the collection, recording and publication of performance data are in accordance with the Council's Internal Guide to Statutory Performance Indicators, which also incorporates Local Performance Indicators (LPI) and the Scottish Housing Regulators indicators. The review found that this objective was **partially achieved** and 1 medium recommendation and 1 low recommendation were made as per the action plan**.**

2.2   The second objective was to ensure that the systems for the collection, recording and publication of SOLACE performance data are in accordance with the SOLACE Benchmarking Guidance. The review found that this objective was **fully achieved.**

2.3   The Internal Audit opinion was that **Substantial Assurance** could be given to the Verification of Performance Indicators 2013-14. The Internal Audit Report and Action Plan are appended.

3.   Public Performance Reporting

3.1   Audit Scotland recently reviewed and reported on the Council's public performance reporting for 2013/14 and set out new criteria to support improvement activity. An action plan was prepared to improve the Council's future public performance reporting and this was approved by Audit & Scrutiny Committee on 30 September 2015. The Report and Action Plan are appended.

4.   Implications

4.1   There are no resource, legal or Gaelic implications.

In terms of Public Performance Reporting, the audit of some indicators ensures that there are SPIs as evidence for some duties and commitments and also focus on the accessibility of data to the public. These are:

- Equalities: SPIs on Women in management, Disabled Access to Buildings and accessibility of PPR to the public.
- Climate Change/Carbon Clever: Refuse recycling, energy cost and consumption.
- Rural: A range of services including roads maintenance, recycling and waste.
- Risk: The audit of PPR provides the Council with opportunities to improve PPR and thereby meet statutory duties on PPR.

5.   Recommendations

5.1   Resources Committee is invited to note the findings of the Internal and External Audit reports presented to the Audit & Scrutiny Committee on 30 September 2015, and the actions being taken to implement its findings.

Signature:

Designation: Depute Chief Executive/Director of Corporate Development

Author: John Batchelor, Head of People & Performance
Date: 9 November 2015

The Highland Council
Comhairle na Gàidhealtachd

INTERNAL AUDIT

FINAL REPORT

CORPORATE DEVELOPMENT SERVICE/ FINANCE SERVICE

REVIEW OF CORPORATE CONTROL OF OVERTIME

AUTHOR

David Martin
Internal Audit
Finance Service

Contents

1. **INTRODUCTION**

This audit was undertaken as part of the 2014/15 Audit Plan and determined and assessed the systems for the control of overtime within all Council Services. The audit also checked compliance with the Council's overtime policy which details the procedures for the authorising and claiming of overtime. Overtime payments for the 12 month period August 2014 to July 2015 was £3.7m.

2. **REVIEW OBJECTIVES**

The objectives of the review were to ensure that:

(i)   All overtime worked is subject to appropriate prior approval and follows the consideration of other alternative working practices.

(ii) Overtime costs are monitored, including the regular consideration of reports by the Executive Leadership Team.

(iii) Overtime payments comply with the various rules for overtime working, including those relating to the grades which attract such payments.

3. **SCOPE, METHOD AND COVERAGE**

The audit reviewed the management of overtime throughout the Council and controls were discussed with Service Management teams, Service Accountants and the Payroll section. The following risks were examined during the audit: Services breach the Highland Council's overtime policy; the Council is paying for unnecessary overtime; and overtime payments are inaccurate.

4. **MAIN FINDINGS**

The main findings of the review, referenced to the above review objectives, are as follows:

4.1   This objective was fully achieved. The main control in place is the assessment of alternatives and then the prior approval of overtime by the relevant manager.

There are some Sections where additional work requiring overtime must be carried out by in-house staff due to specialisms and limited training time (e.g. lighting engineers or certain sections of Finance).

The Overtime Policy states that overtime is only approved "after all other alternative working practices have been considered." Some examples of alternative working practices considered by managers to reduce the amount of overtime paid include:

- Sections, such as Catering & Cleaning and Education (e.g. janitorial services), have a working pattern where unsociable hours are paid at plain time.

- Some Sections use Time Off In Lieu (TOIL) or flexi-time systems instead of paid overtime, which reduces the direct cost to the Council.

- The Emergency Planning Section is an example of a section encouraging the use of telephone calls and video conference facilities to prevent travelling time.

Also, overtime can be used to provide efficiencies, such as reducing the need for additional capital expenditure on purchases of refuse vehicles, particularly in rural areas, by using these for longer periods.

4.2   This objective was partially achieved with overtime costs, throughout the Council, monitored using the monthly budget monitoring reports. The new Integra system provides managers with high level reports that detail the overall overtime budget and provides expenditure at individual officer level.

The Council has the following overtime budget savings for the financial year 2015/16:

- Community Services has overtime savings of £0.353m along with £0.120m for winter maintenance which includes overtime.

- The Finance Service has a reduction of £0.150m.

- Care & Learning has set a saving of £0.017m, which includes staff overtime and other costs.

- The Transformational Savings Programme Board (TSPB) has agreed further savings of £388,000, approximately half is overtime, and will be spread across all Council Services.

4.2.1   The TSPB has put in place a monitoring process, which includes applying a red, amber, yellow, green progress status for saving targets. Community Services will adopt this process to monitor their own saving targets.

4.2.2   The Overtime Policy states that *"the Director of Finance/Assistant Chief Executive (now Depute Chief Executive & Director of Corporate Development) will prepare reports for the Senior Management Team* (now Executive Leadership Team*) detailing the extent of the costs involved in overtime working."* Reports have been presented at the ELT, and in particular the ELT scrutinised overtime expenditure last year as part of its budget considerations. There is also now a monthly report to the TSPB on achievement of savings from this budget. However, it would be expected that overtime reporting to the ELT would have been more regular.

4.2.3   In addition, a recent hearing of the Council's Appeals Sub-Committee resulted in a substantial amount of overtime (circa 400 hours) being included in a manager's pension calculation. This overtime related to the manager being on standby over the last 12 months of their employment. The manager's pension was therefore increased due to the final salary method of calculation using the Local Government Pension Scheme rules at that time. In this example, it is questioned why it was considered necessary for a manager to be on standby and to undertake the amount of overtime worked, or if this could have been undertaken by lower graded officers at far less cost to the Council. This highlights a concern that there is little control to ensure that officers of the appropriate grade are undertaking standby and overtime duties.

4.3   This objective was substantially achieved. All overtime payments made in the twelve month period from September 2013 to August 2014 (24,510) were checked for compliance with the policy for overtime payable to different Highland Council job grades. This was carried out by reviewing the employee's post grade and then checking that grade HC12 and above were not paid overtime, and those between grades HC08 and HC11 were only paid overtime at straight time. There was only one mistake found where time and a half was paid in error, and this resulted in a minor overpayment of £32. Therefore overtime payments are being processed in accordance with the Council's Overtime Policy.

A Harbourmaster was listed as having been paid overtime at double time because he was performing a different role, which was driving a snow plough and paid at a lower grade. However, he would only be due overtime paid at plain rate for his normal role as a Harbourmaster. Therefore this is at odds with the example referred to at 4.2.3 above where a manager worked overtime and was paid at their normal pay grade.

All overtime claims must be authorised by a relevant manager before submission to the Payroll section. However, the SAL 6 overtime claim form does not require the authorising officer to print their name next to their signature authorising the form, making identification of the authorising officer potentially difficult. While

the Council, as part of its new paperless regime, is looking to move towards electronic submission of data to Payroll this will not be in place before the new year.

4.3.1 Business Support now compiles data files (Comma Separated Files (CSVs)) which contains all information the payroll system, Resourcelink, requires to pay staff. This is an efficient and effective process as these files interface with Resourcelink automatically, without any further involvement from Payroll staff. It is the responsibility for individual Service managers to provide Business Support and Payroll with the correct payroll information and this is particualary important where CSV files are used. However, during this review, four Council sections stated that they rely on Payroll and Business Support to ensure the correct overtime rates have been submitted contary to the Overtime Policy section 2.2.3.

5. CONCLUSION

Overall there is good compliance with the rules on overtime and there are innovative solutions being employed which will make the Council more efficient and effective and so reduce the need for overtime. However, further challenging reductions to overtime budgets will invariably require changes to the previous models of service delivery. Also, isolated examples, found during the audit, have highlighted that where overtime is necessary that it should be carried out by officers at an appropriate grade.

The Council should ensure that Services detail how further overtime savings will be delivered, the correct officers are carrying out overtime, and appropriate monitoring systems are in place.

There are 4 recommendations in this report, 3 are classified medium and 1 as a low grade priority. All are due to be fully completed by 30/11/15.

6. AUDIT OPINION

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk. The levels of assurance and their definitions can be found at Appendix 1.

7.   ACTION PLAN

The Action Plan contains **4** recommendations as follows:

Description	Priority	Number
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	3
Minor issues that are not critical but managers should address.	Low	1
Total recommendations		**4**

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION RESPONSIBLE OFFICER	TARGET DATE
4.2.1	Medium	The Council has the following overtime budget savings for the financial year 2015/16: • Community Services - £0.353m (along with £0.120m for winter maintenance which includes overtime). • The Finance Service - £0.150m. • Care & Learning - £0.017m (which includes overtime and other costs). Further overtime spending reductions have been agreed by the Transformational Savings Programme Board (TSPB), which is seeking to reduce overtime and Travel & Subsistence budgets by £388,000. The TSPB have put in place monitoring arrangements including guidance on highlighting savings targets as Red, Amber, Yellow and Green.	Services with significant overtime budgets to control should consider using the Transformational Savings Board's monitoring arrangements.	Service Directors to consider if these arrangements are necessary to supplement the monthly reports.	Directors of Community Services, Care & Learning, Finance and Development & Infrastructure	30/11/15

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION RESPONSIBLE OFFICER	IMPLEMENTATION TARGET DATE
4.2.2	Medium	The Council's Overtime Policy states that "the Director of Finance/Assistant Chief Executive will prepare reports for the Senior Management Team (now Executive Leadership Team) detailing the extent of the costs involved in overtime working." However, no such regular reports are produced.	(1) The Head of People & Performance and the Executive Leadership Team should review the current policy reporting requirement in the Overtime Policy to ensure it is the most effective way of monitoring overtime and make any necessary changes to the reporting process, which should then be carried out.	(1) A review of what information is currently being provided is required. Joint report to ELT to determine if changes in reporting are required.	Director of Finance/ Head of People & Performance, Corporate Development	31/10/15
			(2) References in the Overtime Policy to the Assistant Chief Executive (now Depute Chief Executive) and the Senior Management Team (now the Executive Leadership Team) need to be updated.	(2) Policy will be updated.	Head of People & Performance, Corporate Development	31/10/15
4.2.3	Medium	A manager at grade HC 11 worked standby and was paid a substantial amount of overtime in their final year of employment. While this payment agreed with the overtime policy, it highlights a need to ensure that officers of the correct grade work standby and overtime in order to ensure that the associated costs are kept to the minimum. A Harbourmaster is paid by the Council to operate a snow plough during the winter and he is paid for this work at the correct rate, which is a lower pay grade than his main role.	The approval of overtime should include a check to ensure that the work is being undertaken by an officer at the appropriate grade.	Policy will be updated.	Head of People & Performance, Corporate Development	31/10/15

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION	
					RESPONSIBLE OFFICER	TARGET DATE
4.3.1	Low	The Council's Overtime forms (SAL 6) does not require the authorising officer to print their name, and therefore some authorisers will not be identifiable from their signature. Four Council sections are relying on Payroll to ensure the correct overtime rates are paid contary to the Overtime Policy, which states in section 2.2.3 that "all overtime must be approved prior to it being worked." Also, section 2.3.2 details the amount of overtime which can be paid for each post grade.	(1) SAL 6 forms should have a section added requiring authorising officers to print their name next to their signature. An alternative online Sharepoint system should be considered for the recording and authorising of overtime. Sharepoint would then automatically record the officer authorising the form using their online user name.	(1) Sal 6 forms to be amended and guidance issued to include the printed name of the authorising officer. The Council as part of its new paperless regime is looking to move towards electronic submission of data to Payroll. Sal 6 forms are already being phased out.	Payroll & Pensions Manager, Finance Service	30/11/15
			(2) The Overtime Policy should include a section reminding authorising officers that it is their responsibility to check that overtime claims are correct before they are authorised.	(2) Policy to be amended to include this section.	Head of People & Performance, Corporate Development	31/10/15

Internal Audit Opinion

Level	Definition
Full Assurance	There is a sound system of control designed to achieve the system objectives and the controls are being consistently applied.
Substantial Assurance	While there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Reasonable Assurance	Whilst the system is broadly reliable, areas of weakness have been identified which put some of the system objectives at risk, and/ or there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.
Limited Assurance	Weaknesses in the system of controls are such as to put the system objectives at risk, and/ or the level of non-compliance puts the system objectives at risk.
No Assurance	Control is generally weak, leaving the system open to significant error or abuse, and/ or significant non-compliance with basic controls leaves the system open to error or abuse.

The Highland Council
Comhairle na
Gàidhealtachd

INTERNAL AUDIT
FINAL REPORT

CORPORATE DEVELOPMENT SERVICE

VERIFICATION OF PERFORMANCE INDICATORS 2013-14

AUTHOR

Edward Towers
Internal Audit
Finance Service

DISTRIBUTION

Depute Chief Executive & Director of Corporate Development
Director of Finance
Head of People and Performance, Corporate Development Service
Corporate Performance Manager, Corporate Development Service
Head of Revenues and Business Support, Finance Service
Operations Manager (HQ), Finance Service
Audit Scotland

DRAFT DATE:	17/06/15
RE-DRAFT DATE:	30/06/15
FINAL DATE:	18/08/15

REF: HBB02/001.bf

Contents

1. **INTRODUCTION**

   This audit was undertaken as part of the annual plan for 2014/15. The purpose of this report is to record the findings of a recently completed Internal Audit review regarding the accuracy of the Statutory Performance Indicators (SPIs), the Local Performance Indicators (LPIs) and the SOLACE indicators relating to the financial year 2013/14.

2. **REVIEW OBJECTIVES**

   The objectives of the review were to ensure that:

   (i)   The systems for the collection, recording and publication of performance data are in accordance with the Council's Internal Guide to Statutory Performance Indicators, which also incorporates Local Performance Indicators (LPI) and the Scottish Housing Regulators indicators.

   (ii)   The systems for the collection, recording and publication of SOLACE performance data are in accordance with the SOLACE Benchmarking Guidance.

3. **SCOPE, METHOD AND COVERAGE**

   This audit was undertaken in two stages as detailed below:
   - Stage 1 - The audit examined a sample of Performance Indicators to ensure that these had been calculated in accordance with the requirements of the Council's Internal Guide. This Guide sets out the Council's approach to meeting the Accounts Commissions Direction and the requirements of the Local Government Act 1992. Following discussion with the Corporate Performance Manager, 7 indicators were selected:
     o 1a - Percentage of tenants satisfied with the overall service provided by their landlord;
     o 1c – Cost per payslip produced;
     o 1e - Number of invoices paid within 30 calendar days of receipt as a percentage of all invoices paid;
     o 2c - Percentage of court reports submitted to court by due date (12pm the day before);
     o 2e - Number of businesses supported by Council Economic Development and Business Gateway activities;
     o 2h - Rent collected as percentage of total rent due in the reporting year;
     o 2i - Average time between domestic noise compliant and attendance on site.

   - Stage 2 - The audit also examined the arrangements for the collection, reporting and publication of the Council's SOLACE data which is undertaken in November each year. This work was delayed as the SOLACE data was not released until January 2015. 4 indicators were selected based on those with the greatest positive or negative movement in the Scottish Councils quartile rankings:
     o Culture and Leisure (C&L 5d) : Percentage of adults satisfied with leisure facilities;
     o Adult Social Care (SW 5) : The net cost of Residential Care Services per Older Adult (+65) per week;
     o Children's Services (CHN 10) : Percentage of adults satisfied with local schools;
     o Housing Services (HSN 2/SHR 34) : Percentage of rent due lost through properties being empty during the last year.

4. **MAIN FINDINGS**

   The main findings of the review, referenced to the above review objectives, are as follows:

4.1 This objective was partially achieved as 4 indicators were considered complete and accurate, however 2 indicators required re-calculation (indicators 1c and 2c), and 1 indicator was deemed unreliable (indicator 1e). The re-calculated indicators were subsequently reviewed and found to be reliable.

4.1.1 Indicator 1e was classified as unreliable as it has not been calculated in accordance with the prescribed definition. The criterion for this indicator is set by the Local Government Benchmarking Framework (LGBF) which includes all 32 Scottish Councils and has developed a common approach to benchmarking. This states "*Invoices to be counted are those which fall within the scope of VAT (including zero rated and exempt items). Therefore, payments to small businesses not large enough to fall within the scope of VAT will not be reflected in this indicator*". However, invoices from small businesses are included within the Council's calculation as the accounting system is not set up to exclude payments to small businesses. Instead, the time taken to pay all invoices received by the Council is measured and is considered to be more meaningful. In addition, the data that should be excluded is likely to include local businesses, which the Council wishes to ensure are paid on time and therefore it is important to measure this.

The 2014/15 indicator has also been produced in the same way but following significant efforts by the Operations Manager (HQ), an analysis of the February and March 2015 data has been undertaken. This analysis breaks down the performance for all paid invoices and those which exclude VAT, demonstrating that these are virtually the same as a minor difference of 0.05% was shown.

4.1.2 There were also issues where Services failed to comply with the requirements of the Council's Internal Guidance:

- The Guidance includes a timetable, which is updated annually, to ensure that indicators are published by 30th September. However, there were delays in the provision of the indicator figures from the Care and Learning Service, the Finance Service and the Chief Executive's Office. Failure to adhere to deadlines increases the risk of delay and subsequent late publication of performance indicator data.
- A variance form should be completed detailing any variation of more than +/- 5% between the current and previous year's indicator, which should be submitted to the Council's Co-ordinator. However, there were 7 indicators from the Chief Executive's Office (1) and the Development & Infrastructure (4), Care and Learning (1), and Corporate Development (1) Services, where the variance forms were not submitted as required.

4.2 This objective was fully achieved as all 4 indicators were considered reliable and prepared in accordance with the LGBF guidance.

5. Conclusion

The main issues identified relate to the need for Service officers to pursue a change in the indicator's definition with the Local Government Benchmarking Framework and comply with the Council's Internal Guidance. There are 2 recommendations made as a result of this audit consisting of 1 medium and 1 low grade priority. The recommendations have been accepted by management, with the resultant agreed actions having been implemented.

6. Audit Opinion

The opinion is based upon, and limited to, the work performed in respect of the subject under review. Internal Audit cannot provide total assurance that control weaknesses or irregularities do not exist. It is the opinion that **Substantial Assurance** can be given in that while there is generally a sound system, there are minor areas of weakness which put some of the system objectives at risk, and/ or

there is evidence that the level of non-compliance with some of the controls may put some of the system objectives at risk.

7.   ACTION PLAN

The Action Plan contains **2** recommendations as follows:

Description	Priority	Number
Major issues that managers need to address as a matter of urgency.	High	0
Important issues that managers should address and will benefit the Organisation if implemented.	Medium	1
Minor issues that are not critical but managers should address.	Low	1
Total recommendations		**2**

REPORT REF.	GRADE	FINDING	RECOMMENDATION	MANAGEMENT AGREED ACTION	IMPLEMENTATION RESPONSIBLE OFFICER	TARGET DATE
4.1.1	Medium	1 of the indicators examined was deemed to be unreliable (SPI 1e - The number of invoices paid within 30 calendar days of receipt as a percentage of all invoices paid) as invoices from small businesses are included within the calculation, contrary to the guidance. However, this does not mean that the underlying data is inaccurate; instead the information provided is more comprehensive as it measures the Council's performance in paying all invoices received.	Whilst this indicator must be classified as unreliable, the Council's approach to measuring this data is considered to be more meaningful. Therefore, it is recommended that the Council continues to pursue a change in the indicator's definition to include all invoices paid.	Discuss the metadata with the Improvement Service and seek alignment in approach nationally.	Corporate Performance Manager	Completed
4.1.2	Low	The Council's Internal Guidance was not adhered to as there were delays in the provision of indicator figures, and 7 indicators were submitted without the required variance form.	The Corporate Performance Manager should remind Services about the requirements to adhere to the Council's Internal Guidance, including the timetable for the submission of the indicators and variance forms.	Annual Guidance and timetable supplemented with stand-alone timetable on SPI web resource under roles and responsibilities. Reminders issued to all Services not complying.	Corporate Performance Manager	Completed

Audit & Scrutiny Committee	Agenda Item	
30 September 2015	Report No	

Public Performance Reporting – meeting Annual Audit Direction 2013/14
Report by the Head of People & Performance

Summary
Audit Scotland recently reviewed and reported on the Council's public performance reporting for 2013/14 and set out new assessment criteria to support improvement activity. An action plan has been prepared following review of this report aimed at improving our future public performance reporting.

1. Background

1.1 During 2013 we reviewed Service by Service our approach to meeting the Annual Audit Direction (AAD) and this changed the Statutory Performance Indicator (SPI) data set for reporting from 2013/14 onwards. This also took into account the requirement to include the local government benchmarking framework (LGBF). This review addressed most of the weaknesses identified in the previous audit of our Public Performance Reporting (PPR), as best could be judged, given the assessment criteria were unknown.

1.2 The Accounts Commission via Audit Scotland issued a further review of Scottish Local Authorities PPR and compliance with the Annual Audit Direction for the 2013/14 in July 2015. This again covered reporting performance across a range of key activity areas covered by the AAD through statutory performance indicators and how we report our performance to the public. This review was against an extended set of criteria which are not part of the current AAD and therefore were again unknown to Councils. A summary of the overall assessment is attached as appendix 1 of this report. The report makes assessment based on a view of compliance or areas for improvement (AFI).

2. Audit Review of Public Performance Reporting

2.1 While Services were unable to prepare for this assessment as outlined at 1.2 above, this much more detailed approach by Audit Scotland will enable more targeted improvement activity around our PPR. Audit Scotland suggest that the focus of PPR improvement actions should be:

- Making it straightforward for the public to find performance information on Council websites
- Including commentary in plain language to explain detailed performance information
- Providing an explanation of any plans to address under-performance

2.2 Summary of findings by theme:

Activity Area	Compliant	Area for Improvement
Corporate	4	3
Service	3	8
Benchmarking (LGBF)	1	0
Overall PPR aspects	3	4
	11	15

2.3 The Council met assessment criteria in the following areas:
- Responsiveness to communities (1.1)
- Revenues & service costs (1.2)
- Employees (1.3)
- Sustainable development (1.6)
- Cultural and community services (2.4)
- Housing & homelessness (2.8)
- Roads & lighting (2.10)
- Structured approach to reporting (4.1)
- Customer satisfaction (4.2)
- Dialogue with the public (4.6)

There is positive feedback on the above functions along with helpful suggestions to further develop our approach.

2.4 Areas for improvement
There were areas for improvement (AFI) identified in Corporate, Service and overall approaches to PPR. There were a number of key messages to support improvement activity across all AFI and these are:
- A broader range of indicators are needed;
- Insufficient information to judge performance;
- Further benchmarking and trend information is needed;
- More analysis and contextual information needed to support data;
- More use of graphs and charts.

2.5 Improvement Actions
The report has provided useful information to support improvement activity on PPR and appendix 2 provides an action plan for improvement. In addition the following action have already been taken:
- The Corporate Performance Team has refocused a Corporate Performance Officer post onto PPR. This includes SPi reporting and developing the Council's corporate performance web pages to improve accessibility including the use of graphic information.
- Benchmarking information is accessible from the Council Performance web pages.
- While across Scotland results have been mixed, the Scottish National Performance Forum, of which the Council is an active member, has and will be arranging sharing of best practice to support improvement activity.

The actions above and in appendix 2 should strengthen the Council's approach to PPR. However the approach needs to be balanced taking into account available resources and competing priorities at both Corporate and Service levels. Given the timing of the report only limited change may be achievable for 2014/15 (due by March 2016) with more significant improvement achievable for 2015/16 reporting.

3. **Highland identified good practice**
3.1 There were two areas which Audit Scotland identified and reported on good practice. There were:
- The Council's effective use of customer satisfaction information through the citizen's panel survey of performance and attitudes. They highlighted the effective use of the panel, improvement action based on results and the use of graphics and analysis.
- Accessibility through effective use of webcasting technology. There was

particular interest in the live broadcast of meetings where performance was being discussed and access offered at a later date via the webcast archive. This was seen as innovative and addressing geographical remoteness.

4. Future Direction

4.1 Audit Scotland has recognised that the current Audit Direction needs review as it doesn't currently provide detailed guidance on PPR when compared to the assessment criteria applied. They have indicated this is underway and likely to result in changes to the current requirements on statutory performance information. This is expected to be published in December 2015 and may require further adaptation of the Council's approach and the improvement actions outlined in Appendix 2 and at 2.5 above.

5. Implications: Resources; Legal; Equalities; Climate Change/Carbon Clever; Rural and Risk

5.1 While the external audit process has no implications, the audit of some indicators ensures that there are SPIs in place as evidence for some duties and commitments and also focus on the accessibility of data to the public. These are:
- Equalities: SPis on Women in Management, Disabled Access to Buildings and accessibility of PPR to the public.
- Climate Change/Carbon Clever: Refuse recycling, energy cost and consumption
- Rural: a range of services which relate to rural areas including roads maintenance, recycling and waste and specifically the cost of delivering these and other services impact on Council performance and benchmark positions.
- Risk: the audit of PPR provides the Council with opportunities to improve PPR and thereby meet statutory duties on PPR.

---

6. Recommendations
6.1 Members are asked to:
- Note the content of the assessment in appendix 1 of the report;
- Approve the action plan detailed in Appendix 2 and the actions in paragraph 2.5 above.

Signature:

Designation: Chief Executive

Author: Evelyn Johnston, Corporate Performance Manager

Date: 25.08.14

Appendix 1 – Highland Council, Assessment of Public Performance Reporting 2013/14
Appendix 2 – Highland Council, Action Plan, Public Performance Reporting 2013/14

HIGHLAND COUNCIL

ASSESSMENT OF THE COUNCIL'S PUBLIC PERFORMANCE REPORTING FOR 2013/14

Organisation	Roles	Name , title	Email	Telephone	Mobile
PABV Group	Audit Scotland	Douglas Black, Audit Manager	SPquery@audit-scotland.gov.uk	0131 625 1856	07599 996 698
Audit Scotland	Auditor	Stephen Boyle, Assistant Director	SBoyle@audit-scotland.gov.uk	0131 625 1616	07786 117 238
Audit Scotland	Auditor	Maggie Bruce, Senior Audit Manager	mbruce@audit-scotland.gov.uk	0131 625 1954	0787 963 3665

Key links – if a link does not open the web page/document you seek, please copy and paste the link into your web browser. Links valid as at April 2015.

SPI 1. Corporate management
- Home > Council and government > Council information, performance and statistics > How we are performing
  - Annual Corporate Performance Report 2013/14
  - Statutory Performance Indicators 2013/14 (SPI report)
  - Annual Performance Supplement December 2013 (newspaper supplement)
  - Public performance survey
  - What you told us - There are links on this page to local Service analysis of LGBF indicators. This provides narrative relevant to SPi1,2 & 3 as all LGBF are used as evidence for SPI 1&2

SPI 2. Service performance
- Home> Council and government > Council information, performance and statistics > How we compare to other councils >
  - Corporate Services, Children's Services, Culture and Leisure Services, Environmental Services, Corporate Asset, Housing Services, Economic Development

SPI 3. LGBF
- Home > Council and government > Council information, performance and statistics > See how we compare and mylocalcouncil

Links to SPIs / summary of ratings

SPI 1. Corporate	Rating	SPI 2. Service	Rating	SPI 3. LGBF	Rating	4. Overall aspects	Rating
1.1 Responsiveness to communities	YES	2.1 Benefits administration	AFI	3.1 LGBF	Yes	4.1 Structured approach	YES
1.2 Revenues & service costs	YES	2.2 Community care	AFI			4.2 Customer satisfaction	YES
1.3 Employees	YES	2.3 Criminal justice social work	AFI			4.3 Balanced picture	AFI
1.4 Assets	AFI	2.4 Cultural & community services	YES			4.4 Comparators	AFI
1.5 Procurement	AFI	2.5 Planning	AFI			4.5 Financial & cost information	AFI
1.6 Sustainable development	YES	2.6 Education of children	AFI			4.6 Dialogue with the public	YES
1.7 Equalities & diversity	AFI	2.7 Child protection/social work	AFI			4.7 Accessibility	AFI
		2.8 Housing & homelessness	YES				
		2.9 Protective services	AFI				
		2.10 Roads & lighting	YES				
		2.11 Waste management	AFI				
Number of Yes	**4**		**3**		**1**		**3**
Number of AFI	**3**		**8**		**-**		**4**

Action plan – PPR 2013/14

No	Para	Area for Improvement	Management response & proposed action	Responsible officer	Action date
1	1.4	**Corporate - Assets** Audit view is there is insufficient information provided for the public. More indicators supported by contextual information are suggested to provide a more comprehensive picture of performance.	Service to develop performance pages in relation to its SPIs and develop narratives and graphic content. Service to propose supplementary SPIs.	Director of Development & Infrastructure Director of Development & Infrastructure	February 2016 November 2015
2	1.5	**Corporate - Procurement** Audit view is there is insufficient information provided for the public to enable them to understand Council performance. More indicators supported by contextual information are suggested to provide a more comprehensive picture of performance.	Develop Finance performance web pages to provide the public with access to more detailed narrative, graphics, benchmark positions and improvement actions on procurement. Review procurement SPIs identify weaknesses and agree supplementary SPIs.	Director of Finance Director of Finance	December 2015 November 2015
3	1.7	**Corporate – Equalities** Audit recognised the comprehensive reporting on equalities, but felt there needed to be a more comprehensive set of SPIs with trend analysis.	Equalities Working Group to identify supplementary indicators to be adopted as SPIs and reported against the Fairer Highland Plan. Publish reports on Fairer Highland performance on the Equalities web pages	Head of Policy & Reform Head of Policy & Reform	October 2015 October 2015 & ongoing
4	2.1 2.2 2.3 2.5 2.6 2.7 2.9 2.11	**Service Delivery:** **Benefits Administration** **Community Care** **Criminal Justice Social Work** **Planning** **Education of Children** **Child protection & children' social work** **Protective Services** **Waste Management** Audit's view for the services/ functions above was on	Develop Service performance web pages to provide the public with access to more detailed narrative, graphics, benchmark positions and improvement actions. Review Service SPIs identify weaknesses and agree KPIs and supplementary SPIs	All Service Directors/ Service Performance Leads All Service Directors/ Corporate Performance	February 2016 December 2015

No	Para	Area for Improvement	Management response & proposed action	Responsible officer	Action date
		balance a broader set of indicators were needed, more analysis and contextual information to enable a judgement to be made. More use of graphs and charts along with trends and benchmark information and its implications. Detail of improvement activity.		Manager	
5	4.3	**Overall aspects – balances picture of performance** Audit's view was there was not clear from corporate reports what the Council decided its priorities for improvement were.	Services to submit to strategic committees SPI reports which provide more contextual information including improvement activity priorities. This was agreed at Council in March 2015	All Service Directors	December 2015
6	4.4	**Overall aspects – good use of comparators** Audit's view is PPR could benefit from more comparisons of performance against trend and other councils along with appropriate analysis.	Action outlined at 4 above.		
7	4.5	**Overall aspects – good use of financial and cost information**	Develop further the resource and budget pages on the Council's web site to provide more detail on how we spend our budget making use of infographics.	Director of Finance	December 2015
8	4.7	**Overall aspects – accessibility** Audit's view is that more signposting is needed between pages on the Council web site	Develop a Performance 'home page' and review and strengthen links between pages including Service performance pages as at action 4 above.	Corporate Performance Manager	December 2015