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| Agenda Item | 13       |
| Report No   | HC/22/21 |

## HIGHLAND COUNCIL

**Committee:** The Highland Council

**Date:** 9 September 2021

**Report Title:** **Best Value Assurance Report (BVAR) Improvement Plan Progress Report**

**Report By:** The Chief Executive

### 1. Purpose/Executive Summary

- 1.1 A Best Value Assurance Report (BVAR) of the Council was conducted by the Council's external auditors Audit Scotland and Grant Thornton during summer - autumn 2019. The final report was submitted to the Controller of Audit, Accounts Commission by the external audit team and considered by the Accounts Commission Board on 9 January 2020 with the final report issued and public on 23 January 2020. The Council considered the findings of the report and approved an improvement plan on 12 March 2020.
- 1.2 This report provides an update to Council on the progress made delivering the BVAR Improvement Plan to the year end at 31 March 2021. While COVID-19 has impacted on progress in some areas of the plan, good progress has been achieved overall.

### 2. Recommendations

- 2.1 Members are asked to:
- I. consider and comment on the progress reported; and
  - II. agree the revisions to timelines required to complete the delivery of the improvement plan as detailed in Appendix 1.
  - III. Amend action 3.2, Appendix 1 as detailed in 5.4 below to remove the need for external learning to be through visits.

### 3. Implications

#### 3.1 Resource implications

It should be noted that the BVAR Improvement Plan continues to be dependent on the approval of the Council's budget because this will underpin the Council's medium-term financial strategy. In addition, should evidence of improvement not be provided through the delivery of the Improvement Plan then there are additional resource implications for any Council requiring follow up external audit work as a result. This is not indicated through external audit reporting at this time.

#### 3.2 Community, climate change/carbon clever implications

There are no community, climate change/carbon clever implications arising from this report. However, the BVAR does reflect on the importance of Community Planning and Community Engagement in supporting the work of the Council and delivering Best Value and Statutory obligations.

### 3.3 Legal and Risk implications

Delivering Best Value is a statutory duty and an external audit of Best Value is an important process for the Council and carries with it a reputational risk should the agreed improvements not be achieved.

### 3.4 Gaelic Implications

There are no implications arising from this report.

## 4. **Background**

4.1 A Best Value Assurance Report (BVAR) of the Council was conducted by the Council's external auditors Audit Scotland and Grant Thornton during summer - autumn 2019 and a draft final report was submitted to the Controller of Audit, Accounts Commission. The report was considered by the Accounts Commission Board on 9 January 2020 with the final report issued and public on 23 January 2020. The Council considered the findings of the report and approved an improvement plan on 12 March 2020. The covering report, BVAR and improvement plan from March 2020 can be accessed via a link provided in the references section at the end of this report. Related paragraphs of the BVAR are referred to within section 5 of this report.

4.2 The audit of Best Value is now a continuous process that forms part of the annual external audit of the council and findings are reported each year through the External Auditors Annual Report which is considered by the Audit & Scrutiny Committee. The focus of the audit in relation to Best Value is currently on the actions agreed in the Council's BVAR Improvement Plan and its assessment will form part of the wider scope element of the annual external audit of the Council including the audit of the annual accounts.

## 5. **BVAR Improvement Plan Progress Report**

5.1 There were 7 recommendations outlined in the Council's BVAR. The development of the BVAR Improvement Plan was scrutinised and informed by Members through a workshop on 13 February 2020. Attached as Appendix 1 is the BVAR Improvement Plan and the current RAG status of the improvement actions as at 31 March 2021 taken from the Council's Performance & Risk Management System (PRMS). While there has been some slippage, this is within the context of the impact of COVID-19, good progress has been achieved overall. The plan contains 27 improvement actions of which 26 can be assessed for progress with 10 completed and 8 on target (69% complete or on target) along with 8 actions with some slippage. Due to COVID-19 one action cannot be assessed and a changed approach is recommended at 5.4 below. Appendix 1 also contains recommendations for changes to delivery timelines which are highlighted in *italics* for Members attention and approval.

### 5.2 **Recommendation1:**

'The council needs to seek to ensure that all staff are fully engaged in the transformation programme and that budget holders are clear on expectations to deliver the planned savings set out in ongoing transformation work. The council should continue to develop and implement a longer-term delivery model which is affordable and achievable.' (paragraph 144, BVAR)

Improvement action update:

The Council considers regularly reports on the Council's budget and financial position, and during the Covid period this was reported to each meeting of the Council from June 2020. Having recovered the Council's financial position during 2020/21, in March 2021 the Council agreed a Health & Prosperity Fund

investment plan, with a first phase of one-off investment agreed to support Covid recovery. In setting the budget this also set out the Council's priorities for improvement and transformation along with the Council's savings proposals for 2021-2023. In June 2021 a report on Medium-Term Financial Planning and resource allocation for phase 2 investment for the Health & Prosperity Strategy was agreed. The Council's Executive Leadership Team meets weekly to consider governance, resources and performance issues and the ECO team scrutinises all requests to recruit to vacant posts. Since the BVAR and its Improvement Plan were reported to Council a Recovery Board was established to co-ordinate the activity required in response to COVID-19 including social and economic recovery. Following on from this a Recovery, Improvement and Transformation Board has now been established to co-ordinate all elements of Council recovery, improvement and redesign. In line with the commitments in the Council's Communications and Engagement Strategy there is a planned programme of staff engagement on transformational change across the Council's geography. Online briefings by the Chief Executive and ECOs are well attended and interactive with opportunities for staff to ask questions. There are also staff focus groups and web resources to support staff input their views and suggestions. The emphasis of this work across 2020/21 has been to engage and inform staff on the Council's response to COVID-19, supporting staff health & wellbeing and in New Ways of Working (NWoW) post COVID. Further work is required to complete the action on improving the Council's HR and payroll database and in delivering updated financial management training. There has been a refreshed approach to Service Planning in response to the BVAR and Directorate Service Plan were agreed at the spring cycle of Strategic Committees.

### 5.3 **Recommendation 2**

'The council should increase the use of family grouping data, benchmarking and targets to enhance performance reporting' (paragraphs 36–43, BVAR).

Improvement action update:

The updated approach to the Corporate Plan now articulates trend data, family and national benchmark positions and Members have set stretch targets for improving the Council's national benchmark positions. This approach has resulted in enhanced performance reporting against targets in the Council's Annual Performance Report from October 2020 and the SPI, Benchmarking & Best Value Report to Council in March 2021. As outlined above the reviewed approach to Service Planning reflects the requirements of the Corporate Plan and also ensures the Council's performance framework is effectively managed at Service and operational levels led by Executive Chief Officers. Service Planning guidance will be kept under review to ensure it takes account of best practice and learning from annual rounds of Service Planning. Work continues to improve the use of data to inform improvement planning and performance reporting to Strategic Committee linked to the improvements now agreed through Service Plans. There is ongoing activity to engage Head Teachers in use of performance data with a focus on closing the attainment gap for pupils from deprived backgrounds including numeracy, literacy along with positive and sustained destinations.

### 5.4 **Recommendation 3**

'The council's approach to performance management can be further improved through sharing of practices between services and council teams in order to fully embrace and support effective self-assessment and a culture of continuous improvement.' (paragraph 19 and 44, BVAR).

Improvement action update:

The timeline for implementing a corporate approach to self-assessment has slipped against the target timescale largely due to prioritising the Council's

response to COVID-19. A revised target date is recommended and good progress against this is already being made. The Improvement Service briefed the Council's Executive (ELT) and Senior Leadership (SLT) teams during a workshop session on performance and self-assessment on 21st June 2021. The Council has confirmed it will work with the Improvement Service and adopt the Public Services Improvement Framework (PSIF) as the corporate self-assessment model. Support from the Improvement Service is included in the annual fee paid by all local authorities and this also enables the Council to access best practice from 40 public sector organisations in Scotland already using the PSIF model. The sharing of best practice internally continues including use of the Recovery, Improvement & Transformation Board, and joint ELT/SLT workshops and briefings. Work on a programme of external best practice visit was curtailed by travel restrictions in response to Covid. Networking with other Councils on good practice in Covid response and recovery has been strong and is continuing for a range of business.

It is recommended that action 3.2 (appendix 1) is amended to remove the need for external learning to be via visits is amended to a 'programme of external learning' recognising that effective external learning has continued throughout COVID through new ways of working such as Teams and other virtual meeting tools.

#### **5.5 Recommendation 4**

'Once the council has implemented the revised governance arrangements, it should seek to monitor the effectiveness of these changes to ensure they deliver the improvements anticipated, including the intended enhanced scrutiny and decision-making.' (paragraph 24 and 29–32, BVAR).

Improvement action update:

Work has been completed to revise the Council's governance arrangements. These will be kept under review to ensure continued effectiveness of the Council's sub-committees and working groups and that the Council is satisfied that the new arrangements are achieving the required improvements. The Council's Climate Change Working Group will have an important role as the agenda and targets in response to the Climate Emergency take shape through national policy and COP26 (2021 United Nations climate change conference). The Council is embedding a Programme Management Office (PMO) model as part of the transformation programme and requirement to articulate benefits in project design to enable project evaluation (benefits realisation) and the approach to reviewing the capital programme with outline business cases required to specify the outcomes expected.

#### **5.6 Recommendation 5**

'Once the new leadership team is in place, it will be key that they look to successfully manage the need for increased pace of change alongside continued engagement across officers to achieve the strategic objectives and this should be reviewed and evaluated on an ongoing basis' (paragraphs 22–24 and 138, BVAR).

Improvement action update:

The BVAR recognised that the pace of change had significantly increased under the stewardship of the Chief Executive. Through Council Redesign the new leadership team is nearing completion with levels below Head of Service cascading from the senior structure. The pace of change and delivery of the Council's budget and Change Programme is bearing significant results with positive budget outturns providing opportunities in 2021/22 for increased investment and increased reserves. However, it is recognised that future years

will be challenging and the pace of change in recovery, improvement and transformation must be maintained to delivery efficiency saving. Effective strategic planning is an essential element of the overall approach and the refreshed Council's Corporate Plan and Service Plans focus on service delivery and improvement with regular reporting to Strategic Committees now central. This will ensure there is effective officer engagement in the Council's strategic objectives at all levels of the organisation. Expectations were set out in the budget process on 5<sup>th</sup> March 2020 when the Council considered a paper on a Sustainable Highland, Change and Improvement Strategy 2020-22 and this was followed in March 2021 with Ambitious Highland, Health & Prosperity Strategy 2021-22. This new strategy builds on Sustainable Highland reflecting the unprecedented challenges the Council has faced and continues to face due to Covid and the UK's exit from the EU. While the immediate focus is on the economy and community wellbeing from recovery into full health, the focus also remains on delivering improved performance and medium to long term financial planning and sustainability. A new Leadership Programme has been developed with implementation commencing in September 2021. Recognising the impact of COVID on staff the continuing focus is on reconnecting and being connected to support staff as the full impact of COVID emerges in the context of identified hidden harms. The Council also need to recognise the challenge of adapting for all staff identifying the emerging pressures being faced moving forward which need captured and not under-estimated.

#### 5.7 **Recommendation 6**

'The CPP should increase the pace in developing the remaining locality action plans in line with the requirements of the Community Empowerment Act.'  
(paragraph 88, BVAR).

Improvement action update:

The actions to hold an early discussion within the Community Planning Partnership (CPP) to identify how to support and resource locality planning and the review of the Terms of Reference (TOR) for the CPP in Highland were completed. However, this did not result in consensus on how best to support and resource the completion of the commitments of the CPP on the 14 outstanding locality plans (25 in total are identified). The Council has the lead for 4 of the outstanding plans covering Raigmore, Dalneigh, Inverness Central and Ardersier as identified in the BVAR in March 2020. This work will be supported by:

- the learning from Covid experience in food, welfare and community response;
- the engagement work undertaken to understand the impacts of Covid for communities of place and of interest, as reported to each meeting of the Communities and Place Committee;
- the development of the community support coordination model; and
- the Council's approach to place-planning and reducing inequality.

Overall the CPP approach to locality planning is under review with a decision on revising the approach deferred by the CPP Board until its meeting in September 2021. Proposals include streamlining and simplifying the approach across Highland for more effective delivery against outcomes. By creating one clear set of priorities for each Community Partnership which are measurable and reportable for community and wider scrutiny. This approach is supported by research undertaken by the Improvement Service into the learning from Covid, highlighting the need to refocus locality planning given learning from Covid response and action required for recovery.

#### 5.8 **Recommendation 7**

'The council should continue to work with elected members to understand reasons for variable uptake of training and agree how this can be improved

alongside a programme of ongoing elected member development. In particular Elected Members' knowledge of and involvement in the performance management process needs to be improved to enhance scrutiny and help drive improvement' (paragraph 63, 150–151 BVAR).

Improvement action update:

As outlined above the completed Governance Review set out plans for improved Member development. A programme of Member development and induction has been developed and will be critical following Local Government elections in 2022. The detail will be submitted to Council for approval as plans are finalised.

Engagement with Members needs to be ongoing in order to understand their training and development needs and the factors influencing the need to update their training. Work with Members on the development of the Corporate Plan in scrutinising performance trends and setting stretch targets and Member input to the BVAR Improvement Plan are early examples of the direction of travel in developing Members knowledge and scrutiny role. Regular reporting on the uptake of Members training and development will be put in place.

All Members will have access to the new Learning Management System (called LMSX). This learning platform will allow elected members to access online learning programmes and an elected members library of support resources. The LMSX can be accessed anytime of the day on laptops, tablets or Smartphones etc to enable viewing of content or undertaking of courses. The courses are defined as either activities or resources. Resources are available to Members to access for their own personal and professional development. Activities are training modules that are set out in the Members' approved Training and Development Programme and include mandatory training for regulatory functions. These Activities are reportable and will show on dashboards to indicate levels of completion and reports will be produced to show the level of participation on an anonymised basis.

All activities will incorporate blended delivery methodology where appropriate that will minimise the actual downtime for elected Members in undertaking the course whilst maximising the benefit. Particular attention is being paid to the development of resources for the new Council in 2022 and elected Members will undertake Teams training modules which will include an induction programme (linked to the latest Improvement Service induction Notebooks). Existing Members will also have the opportunity to undertake refresher courses. There will also be an all-Member survey issued in the Autumn of 2021 to capture member views and suggestions for implementing a high quality and effective Member induction process for May 2022.

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Appendices:

1. BVAR Improvement Plan RAG status and timeline update report

References:

[https://www.highland.gov.uk/download/meetings/id/76591/item\\_13\\_the\\_highland\\_council\\_best\\_value\\_assurance\\_report\\_2020](https://www.highland.gov.uk/download/meetings/id/76591/item_13_the_highland_council_best_value_assurance_report_2020)

**HIGHLAND COUNCIL  
BEST VALUE ASSURANCE REPORT - IMPROVEMENT PLAN**

**Appendix 1**

Action status: R No significant progress    A Some slippage    G On Target    C Complete

| Ref. | Recommendation/Improvement Action  | Source:<br>Corporate Plan<br>(CP)<br>Service Plan (SP) | Timescale(s)                                | Lead Officer                              | RAG<br>STATUS |
|------|--|--|---|---|---------------|
| 1.   | <b>The council needs to seek to ensure that all staff are fully engaged in the transformation programme and that budget holders are clear on expectations to deliver the planned savings set out in ongoing transformation work. The council should continue to develop and implement a longer-term delivery model which is affordable and achievable.</b> |  |   |   |               |
| 1.1  | The Council will approve a medium-term financial plan for 2020/21 – 2022/23, to ensure effective evidence based decision making.   | SP   | June 2020                                   | Head of Corporate Finance & Commercialism | C             |
| 1.2  | Deliver the Council's Change and Improvement Strategy 2020-2023. (subject to Council approval on 5 March 2020).  | SP   | February 2023                               | All ECOs                                  | A             |
| 1.3  | Review the financial arrangements at committee and sub-committee levels including remits, responsibilities and improving procedures for Members and staff.   | SP   | March 2020<br><i>Amend to December 2021</i> | ECO Resources & Finance                   | A             |
| 1.4  | Review the Council's HR and payroll database Resource Link and prepare an options appraisal to ensure full integration between HR and Payroll.   | SP   | May 2020<br><i>Amend to December 2021</i>   | ECO Resources & Finance                   | A             |

| Ref.      | Recommendation/Improvement Action  | Source:<br>Corporate Plan (CP)<br>Service Plan (SP) | Timescale(s)                                   | Lead Officer  | RAG STATUS |
|-----------|--|---|--|---|------------|
| 1.5       | Review the approach to financial and performance monitoring reports to Strategic and Area Committees and develop an integrated approach to effective performance monitoring and continuous improvement activity. | SP  | September 2020<br><i>Amend to January 2022</i> | ECO Resources & Finance/Corporate Audit & Performance Manager | A          |
| 1.6       | Review finance training modules and establish mandatory training in financial management to ensure competency and governance over expenditure are achieved for all budget holders and Members.                   | SP  | December 2020<br><i>Amend to March 2022</i>    | ECO Resources & Finance                                       | A          |
| 1.7       | Implementation of the Communications and Engagement Strategy ensuring that all staff are fully engaged in the transformation programme 2019-22.  | SP  | March 2022                                     | Communications and Resilience Manager/All ECOs                | G          |
| <b>2.</b> | <b>The council should increase the use of family grouping data, benchmarking and targets to enhance performance reporting.</b>   |   |  |   |            |
| 2.1       | Annual performance report for the Corporate Plan to include analysis against targets, benchmarks, family group and national averages following approval of the Council's new Corporate Plan in October 2019.     | SP  | September 2020                                 | Corporate Audit & Performance Manager                         | C          |
| 2.2       | Implement a new Service Planning process based on data analysis to inform improvement activity and enable Strategic Committees to monitor progress in delivering Best Value.                                     | SP  | June 2020                                      | Corporate Audit & Performance Manager                         | C          |
| 2.3       | All ECOs will review their performance data to ensure it is fit for purpose and where necessary identify additional  | SP  | Service Plans                                  | All ECOs  | G          |



| Ref.      | Recommendation/Improvement Action  | Source:<br>Corporate Plan (CP)<br>Service Plan (SP) | Timescale(s)   | Lead Officer                          | RAG STATUS |
|-----------|--|---|--|---------------------------------------|------------|
|           | indicators and business intelligence to enable robust regular monitoring of service performance.   |   | June 2020 & annually with quarterly monitoring                           |                                       |            |
| 2.4       | Performance review meetings with Primary and Secondary Head Teachers including review of key performance indicators as outlined in the Council's Corporate Plan and school improvement plans 3 times a year.   | CP/SP   | From February 2020 and ongoing   | Head of Education                     | G          |
| 2.5       | Focus improvement activity on young people from deprived backgrounds to close the attainment gap across Highland schools including numeracy, literacy and positive and sustained destinations.   | CP/SP   | Ongoing to February 2021 and review<br><br><i>Amend to February 2022</i> | Head of Education                     | G          |
| <b>3.</b> | <b>The council's approach to performance management can be further improved through sharing of practices between services and council teams in order to fully embrace and support effective self-assessment and a culture of continuous improvement.</b> |   |  |                                       |            |
| 3.1       | Review the Council's approach to self-assessment and implement a new corporate approach to support the Council's continuous improvement and efficiencies agendas.  | SP  | September 2020<br><br><i>Amend to December 2021</i>                      | Corporate Audit & Performance Manager | A          |
| 3.2       | All ECOs and senior managers will develop a programme of external learning visits to support understanding of best practice and continuous improvement in their service.   | SP  | March 2021<br><br><i>Amend to March 2022</i>                             | All ECOs                              | N/A        |

| Ref.      | Recommendation/Improvement Action   | Source:<br>Corporate Plan<br>(CP)<br>Service Plan (SP) | Timescale(s)   | Lead Officer                                 | RAG<br>STATUS |
|-----------|---|--|--|--|---------------|
| 3.3       | ECOs will work collaboratively to share best practice across the organisation, within the Area remit and with partners to develop a culture continuous improvement.   | SP   | March 2021<br><br><i>Amend to<br/>'and ongoing'</i>  | All ECOs                                     | G             |
| <b>4.</b> | <b>Once the council has implemented the revised governance arrangements, it should seek to monitor the effectiveness of these changes to ensure they deliver the improvements anticipated, including the intended enhanced scrutiny and decision-making.</b>                                  |  |  |  |               |
| 4.1       | Working with Members review the Council's new governance arrangements through Council and through the established Members Governance Working Group  | SP   | Interim Review<br>March 2020<br>& June 2020;<br>Members Seminar<br>September 2020;<br>Report to HC<br>October 2020 | ECO Performance & Governance                 | C             |
| 4.2       | Review the operation and output of the Council's sub-committees and working groups to ensure their continued effectiveness  | SP   | December 2020 & annually   | ECO Performance & Governance                 | C             |
| <b>5.</b> | <b>Once the new leadership team is in place, it will be key that they look to successfully manage the need for increased pace of change alongside continued engagement across officers to achieve the strategic objectives and this should be reviewed and evaluated on an ongoing basis.</b> |  |  |  |               |
| 5.1       | Deliver an Improvement Programme to support the organisation restructure and achieve<br>Phase 1 – New organisational structures designed, budgets and saving targets re-aligned and corporate systems revised to support.   | SP   | Phase 1 –<br>March 2020<br><br>Phase 2a –<br>June 2020   | Chief Executive ECO Performance & Governance | G             |

| Ref.      | Recommendation/Improvement Action   | Source:<br>Corporate Plan<br>(CP)<br>Service Plan (SP) | Timescale(s)   | Lead Officer  | RAG<br>STATUS |
|-----------|---|--|--|---|---------------|
|           | Phase 2 a) – New structures implemented and new committee reporting embedded<br>Phase 2b) – Review structure implementation, create Service Work Force Plans and Service-Learning Plans   |  | Phase 2b –<br>September<br>2020<br><br><i>Amend 2b to<br/>October 2021</i> |   |               |
| 5.2       | Evaluate the effectiveness of the new management structure to ensure if can deliver the pace of change required for transformation and long-term sustainability.  | SP   | September<br>2020<br><br><i>Amend to<br/>March 2022</i>                    | Chief Executive/ ECO<br>Performance &<br>Governance<br><br><i>Amend to Depute<br/>Chief Executive</i> | G             |
| 5.3       | Establish a new programme of development for the Council's senior leadership team engendering a culture change and improvement.   | SP   | March 2021<br><br><i>Amend to<br/>September<br/>2021</i>                   | Interim Head of HR  | A             |
| <b>6.</b> | <b>The CPP should increase the pace in developing the remaining locality action plans in line with the requirements of the Community Empowerment Act.</b>   |  |  |   |               |
| 6.1       | Learn from the two completed locality plans and through the Inverness Community Partnership develop with communities the following outstanding locality plans led by the Highland Council: <ul style="list-style-type: none"> <li>• Raigmore</li> <li>• Dalneigh</li> <li>• Inverness Central</li> <li>• Ardersier</li> </ul> | SP   | March 2022   | ECO Communities<br>and Place  | A             |
| 6.2       | The Council will lead a discussion early in 2020 with the CPP to identify how to support and resource this work better, improve the pace of locality planning and set   | SP   | December<br>2020   | ECO Communities<br>and Place  |               |

| Ref.      | Recommendation/Improvement Action   | Source:<br>Corporate Plan<br>(CP)<br>Service Plan (SP) | Timescale(s)   | Lead Officer                 | RAG<br>STATUS |
|-----------|---|--|----------------|------------------------------|---------------|
|           | timescales for the 10 outstanding locality plans being led by other partners.   |  |                |                              | C             |
| 6.3       | The Council and its partners will put in place reviewed Terms of Reference (TOR) for the Community Planning Partnership to strengthen governance, accountability and delivery of outcomes.  | SP   | April 2020     | ECO Communities and Place    | C             |
| <b>7.</b> | <b>The council should continue to work with elected members to understand reasons for variable uptake of training and agree how this can be improved alongside a programme of ongoing elected member development. In particular, elected members' knowledge of and involvement in the performance management process needs to be improved to enhance scrutiny and help drive improvement.</b> |  |                |                              |               |
| 7.1       | Develop a Members training and development programme which supports their important role in scrutiny and improvement following their election including by-elections.   | SP   | August 2020    | ECO Performance & Governance | C             |
| 7.2       | Report annually to Council on the uptake of Members training and development.   | SP   | June 2021      | ECO Performance & Governance | C             |
| 7.3       | Evaluate feedback from Members training to ensure its fit for purpose and identify improvement opportunities.   | SP   | September 2021 | Interim Head of HR           | G             |
| 7.4       | Review and prepare a new induction programme for new Member for 2022.   | SP   | December 2021  | ECO Performance & Governance | C             |