Best Value Assurance Report
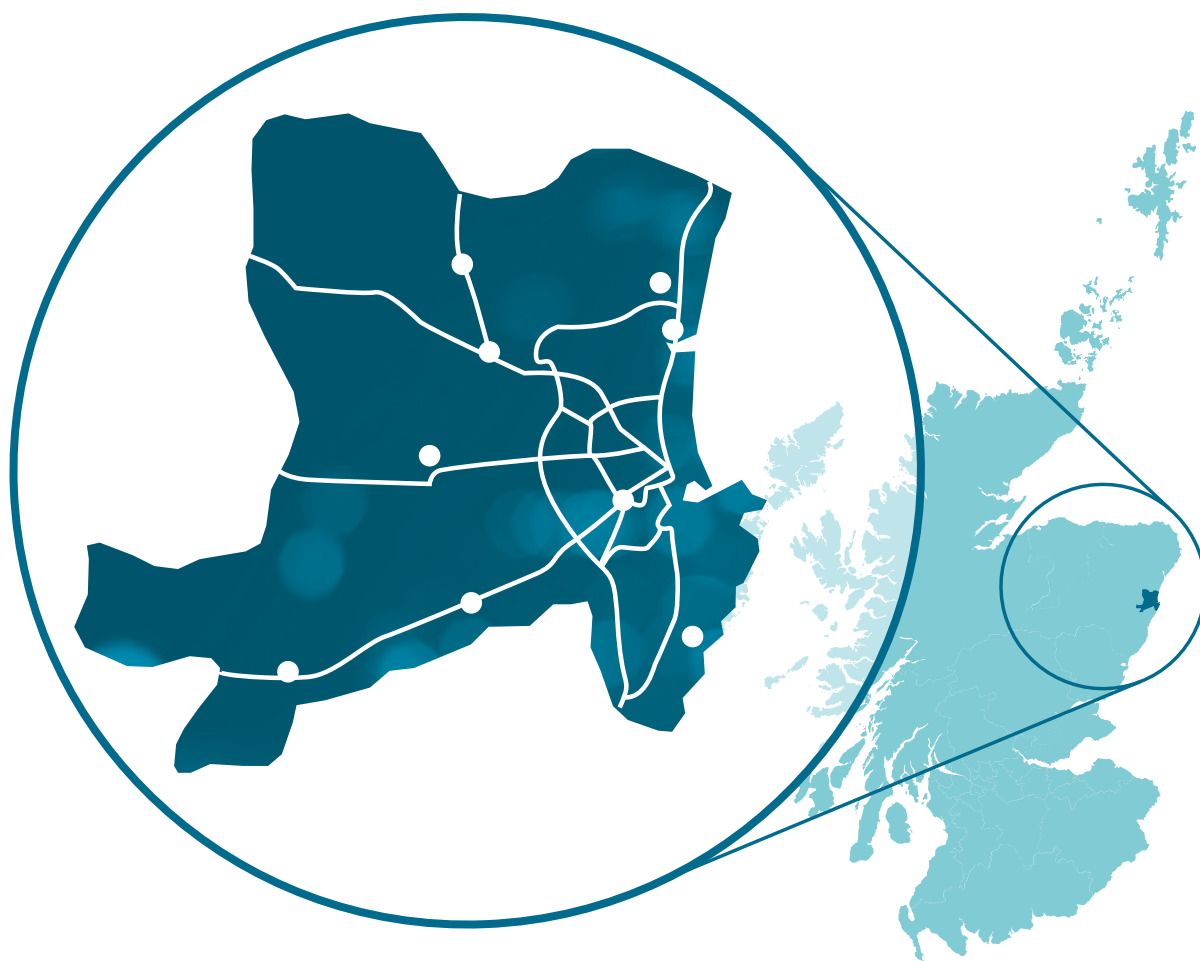
Aberdeen City Council

ACCOUNTS COMMISSION

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.
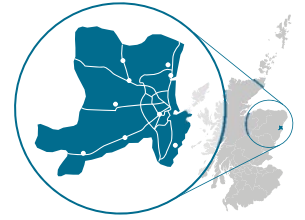
Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

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Contents

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Key facts

72 square miles

Area

228,670

Population

6,750

Workforce
(full-time equivalents 2019/20)

45

Elected members

- 10 Conservative and Unionist
- 9 Aberdeen Labour
- 3 Independent Alliance Group

- 19 Scottish National Party
- 3 Scottish Liberal Democrats
- 1 Independent

£125 million

Five-year savings target
(2018/19–2022/23)

£30.4 million

2021/22 Revenue budget gap addressed to set a balanced budget

£469 million

2021/22 Revenue budget

£214 million

2021/22 Capital budget (including HRA)

22,404

Council houses

Commission findings

1 The Commission accepts the Interim Controller of Audit's report on Best Value in Aberdeen City Council and we endorse his recommendations.

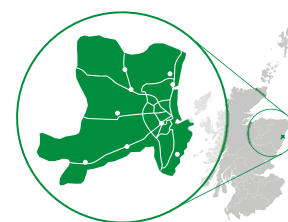**2** We commend Aberdeen City Council on the strong changes, improvements and ambition that have been put in place since our 2015 and 2008 Best Value reports. The council continues to display a self-awareness about its need to further increase its pace of improvement if it is to deliver its ambitious vision with its partners to bring positive change for all of the people of Aberdeen; this is welcome.

3 It is encouraging that elected members share a commitment to this vision. It will be crucial that members work effectively together and fulfil their shared Best Value responsibilities for the vision to be taken forward. A good record of collaborative leadership between elected members and officers, as well as involving staff in planning and delivering change, are strong bases.

4 The Commission is mindful of its role in reporting on Scotland's recovery from the ongoing Covid-19 pandemic and its impact on public services. We are therefore pleased to acknowledge that the council has responded well to the pandemic. Nevertheless, we note that the council will still face challenges, but its recent record of sound financial planning and meeting financial targets to close its budget gap means it is well placed to manage them.

5 The Commission underlines the substantial need for improvement in the performance of education and housing services. We highlight the core role of these services both in terms of delivering the partnership vision for the economy and people of Aberdeen, and in terms of helping the council maintain and develop a workforce that delivers on that vision.

6 The Commission continues to be concerned about the effect of Covid-19 on deepening inequalities experienced by many communities in Scotland. We therefore urge the council to ensure that its pace of transformation, including its digital developments, helps to positively address outcomes for Aberdeen's communities.

7 Further progress with locality planning will be an important basis for how the council, partners and communities together plan recovery, while also maintaining good progress in such areas as sustainability and mitigating climate change. Empowerment of communities will also be supported in the council further developing the clarity of its reporting of its performance to the public.

8 The Commission encourages the council to address and report progress against these findings and the Controller of Audit's recommendations. We will maintain an active interest to this end with the Controller monitoring and reporting progress through the annual audit.

Audit approach
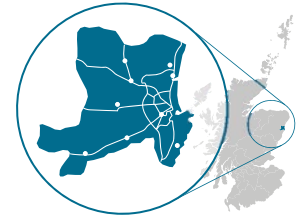
1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the external auditor's Annual Audit Report. In addition, the Controller of Audit presents a Best Value Assurance Report to the Accounts Commission at least once during the audit appointment for each council. This is the first assurance report on Aberdeen City Council. The timing of previous Best Value reports on the council are summarised in the Appendix.

2. This report provides the Commission with assurance on the council's statutory duty to deliver Best Value, with a particular focus on the Commission's Strategic Audit Priorities. Councils are expected to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in the future.

3. Our audit approach is proportionate and risk-based and so is reflective of the context, risks and performance of each individual council. It also draws on intelligence from audit and scrutiny work carried out in previous years. In keeping with this approach, we conducted initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience. Exhibit 1 (page 7) shows how Best Value has been assessed by auditors during the period of their appointment and the key areas of focus for our audit.

4. The Covid-19 pandemic has affected all areas of Aberdeen City Council's activities. To reflect this, we report on how well the council has responded to immediate pressures, and how well placed it is to respond to the challenges in the medium to longer term. To allow for this change in emphasis from earlier Best Value Assurance Reports, we now make more explicit reference to the work undertaken and reported in Annual Audit Reports.

5. Significant findings have been updated to ensure that the overall position of the council is accurately reported. This means that, where appropriate, this report presents evidence on historical arrangements, some of which may have changed in the light of the Covid-19 pandemic. It also presents the council's planned response to Covid-19. The effectiveness of these responses will be followed up by auditors in future years.

Exhibit 1

Assessing Best Value across the audit appointment period

Best Value characteristics reported on in detail within the wider scope sections of Annual Audit Reports.

Best Value characteristics	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Performance and outcomes			✓		✓	
Improvement		✓				
Leadership, governance and scrutiny		✓				
Equal opportunities				✓		
Partnership working and empowering communities					✓	
Financial and service planning	✓					
Financial governance and resource management	✓					
Best Value Assurance Report					✓	
Best Value Assurance Report follow-up						✓

Key areas of focus for this Best Value Assurance Report

The council's vision

Performance and outcomes

Change and improvement plans including:

- the City Region Deal
- digitalisation of services, such as providing more services online
- difficult decisions and protected services

Process and results of self-evaluation

Financial management and financial planning

Workforce planning

Community and citizen engagement so that people have their voices heard in how services are planned and provided

Arm's-length external organisations' (ALEOs') governance arrangements

Transformational change and service redesign such as developing new and more effective ways in which to provide local services

Source: Audit Scotland

6. The detailed audit work for this report was undertaken remotely between November 2020 and March 2021. Our audit work included:

- interviews with elected members and senior officers (and senior representatives from partner organisations)

- observing a range of council and committee meetings (including Integration Joint Board and Community Planning Partnership meetings)

- review of council documentation

- analysis of national reports and data, including the Improvement Service's Local Government Benchmarking Framework.

The report reflects the Co-Leadership arrangements of the council prior to the Scottish Parliamentary elections in May 2021. Subsequently, one of the Co-Leaders resigned from the position of Co-Leader following their election to the Scottish Parliament. The council now has a single Leader.

7. We will continue to audit Best Value at the council. This will include a follow-up on the findings from this report and more detailed audit work on other Best Value characteristics as appropriate. We gratefully acknowledge the cooperation and assistance provided to the audit team by all elected members and officers contacted during the audit.

Key messages
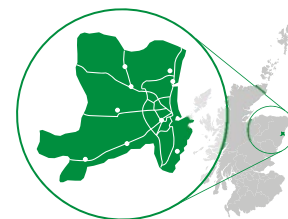
1 Aberdeen City Council has demonstrated significant improvements in key areas since its 2015 Best Value report. A major transformation programme has led to an effective organisational structure and improved governance and reporting arrangements. The council has delivered challenging savings targets, and ambitious capital projects, while delivering services within budget. Its financial management arrangements are well developed alongside governance requirements associated with its bond holding.

2 The council has ambitious plans for the city, which are clearly aligned to Community Planning Aberdeen's (the CPP) Local Outcomes Improvement Plan and its vision for the area.

3 Performance is reported against the CPP's Aberdeen Outcomes Framework. The CPP and council have made mixed progress in improving outcomes. The council's performance is improving in some key services, and it has taken steps to address performance issues in services such as education and housing. But the pace of improvement has been slower than that of some other councils and needs to increase.

4 During this period of change, the council's Corporate Management Team has shown clear leadership in driving the improvements, successfully changing the organisational culture and working closely with officers to embed change.

5 Councillors and officers work well together. The administration set out a clear vision and this continues to be central to how it participates in, and leads, activities. It is committed to and supports the ongoing transformation programme. There is broad political support among councillors for the vision and supporting priorities, giving the council a long-term strategic direction. There are recognised tensions between the administration and opposition, but the political balance of the council, and delegation to officers, has limited the impact of this on council business. Nevertheless, greater cross-party working would benefit the council and residents.

6 The council works well with its partners and communities. Residents and stakeholders are regularly consulted on priorities and specific services. There are also examples of community engagement and community empowerment across the council and CPP.

7 The council has structured processes for using self-assessment, performance information, benchmarking and feedback to identify improvement projects. In some instances, recent projects are focused on longer-term outcomes and have yet to result in improved performance.

8 The council has developed its performance management arrangements and public performance reporting, making greater use of real-time data, but how overall progress against priorities is reported could be simplified to further aid public understanding and scrutiny.

9 Over the last four years, the council has successfully delivered savings and remains on track to meet its £125 million five-year target. This has largely been managed through digital transformation and staff reductions. But it has also had to rely on non-recurring savings and has used reserves to fund transformation projects. Looking forward, the council has committed to £131 million of savings over the next seven years as part of its ongoing transformation.

10 The council has reacted well to challenges from the Covid-19 pandemic since March 2020. Governance arrangements were restructured quickly, and service delivery was adapted and facilitated by good working relationships with partners and the use of digital technologies.

Part 1

Does the council have clear strategic direction?

The council's strategies and annual plans are clearly aligned to Community Planning Aberdeen's Local Outcomes Improvement Plan (LOIP). The LOIP vision enjoys cross-party support and provides clear strategic direction for the council.

An ongoing transformation programme, including the adoption of the Target Operating Model (TOM) and digital strategy, has resulted in significant changes to both organisational and governance structures. The council's Corporate Management Team has shown strong leadership during this transition.

The local context

8. Aberdeen is the third largest city in Scotland, with a population of approximately 200,000 within the city itself and another 30,000 within the wider council area. Aberdeen has a relatively young population, with a higher proportion of working age people and a lower median age than Scotland as a whole, although the population is ageing. In recent years, the population has grown, largely in line with Scotland as a whole. Population growth in the next decade is projected to be driven by inward migration, meaning that those of working age will remain the largest group. Between 2018 and 2028, the 15-year-old and under age group is projected to decrease by 3.2 per cent and the number of 75-year-olds and over will increase by 16.1 per cent.

9. The city's economy has historically been high performing, driven by the oil and gas sector, which has shaped the city and surrounding region. Aberdeen remains a competitive and productive city with GVA (Gross Value Added) per head, average earnings and disposable income all among the highest in Scotland. This is reflected in the highly qualified working-age population, a high proportion of whom are classified as economically active.

10. Despite these successes, not all residents have benefited and there are areas of deprivation within the city. For example, ten per cent of Aberdeen's data zones are within the 20 per cent of most deprived areas in Scotland, almost 15 per cent of people working in the city are not earning the living wage and one in six children is living in poverty. Average house prices are above the national average and private rental rates are also among the highest in Scotland despite becoming more affordable in recent years.

11. Aberdeen and the wider region now face having to manage a continued transition from reliance on oil and gas as economic drivers while also addressing the impact of Covid-19. This combination presents a set of economic challenges that are unique to the region. Due to the presence of highly impacted industries, economic output is forecast to decline significantly between 2019 and 2021.

12. Aberdeen is expected to be the fifth most affected area in Scotland as a result of Covid-19 (Population Needs Assessment 2020/21 – Community Planning Aberdeen, January 2021). Its unemployment rate remains below that of Scotland, partly on account of a higher than average uptake of the UK Government furlough scheme. Recent falls in oil prices, combined with the impact of Covid-19 on the oil and gas sector and other key sectors (including tourism, accommodation and hospitality), means that Aberdeen could experience upwards of 10,000 redundancies in the short term. This would be the third highest number in Scotland and would only be exceeded by the more populous Glasgow and Edinburgh.

The council has ambitious plans for Aberdeen, and its vision and priorities are well articulated and embedded within its strategic planning framework

13. Community Planning Aberdeen's (the CPP's) ⓘ 2016–2026 Local Outcomes Improvement Plan (LOIP) sets out an ambitious vision for Aberdeen to be 'a place where all people can prosper'. Centred on the three themes of Economy, People (Children & Young People and Adults) and Place, the LOIP has a clear focus on early intervention and prevention. It sets out 15 stretch outcomes to measure longer-term progress against the vision and is supported by a comprehensive set of outcomes-focused indicators. These indicators form the basis of the Aberdeen Outcomes Framework (AOF) (Part 2).

14. The CPP's vision was developed through a clear assessment of local priorities and needs, based on a comprehensive population needs assessment the council produced on behalf of the partnership. This provided a high-level analysis of key groups, priorities and challenges across the partnership, including service information and customer experience data. Citizens were consulted during the needs assessments, using both the Place Standard tool and the citizens panel (City Voice). Two further population needs assessments have since been done, with the data gathered from these exercises regularly refreshed and further supplemented by locality needs assessments. The council also carried out a Covid-19 needs assessment in 2020 providing data to inform their immediate response to the pandemic.

15. The vision and stretch outcomes enjoy cross-party support and formed the basis of the administration's 2017 policy statement, providing a clear strategic direction for the council. This policy statement also articulated the administration's ambition for the council undertaking a transformation programme centred on the increasing use of digital service delivery. The council has developed its own strategies and plans to align them to the overall vision of the LOIP and a review of the council's strategy framework has reduced the number of strategies, from over 20 to 14.

16. Underpinning its longer-term strategies, the council undertakes an annual planning cycle centred on its commissioning approach. Alongside the setting of revenue and capital budgets, the council reviews its commissioning intentions to

ⓘ **Community Planning Aberdeen (CPP)**

In July 2020, the CPP published its Socio-Economic Rescue Plan 20/21. Supported by Locality Recovery Plans, and aligned to the LOIP, this set out an immediate response to the impact of Covid-19 while the LOIP is being refreshed in 2021.

determine what contribution to council priorities will be procured via ALEOs or external organisations. When preparing their annual budget proposals, individual business units consider the commissioning intentions alongside demand and their own staffing requirements.

17. The resulting annual Council Delivery Plan, alongside the annual budget, sets out how the council will contribute to policy commitments and LOIP outcomes. This includes details of ongoing policy initiatives, the approved commissioning intentions and ongoing transformation projects. In addition, the delivery plan outlines the council's contribution to the achievement of wider regional strategies delivered in partnership with the public, private and third sectors, such as the Regional Economic Strategy, to provide a basis for ongoing monitoring.

18. To support the LOIP's Place theme, the council has developed eight interlinked place strategies covering areas such as local development, transport and housing, and energy and climate change. It also has six shorter-term enabling strategies to support the delivery of these place strategies, including a digital strategy and a medium-term financial strategy. Council strategies, implementation action plans and committee reports for decision are now prepared to standardised templates that are designed to provide an explicit link to the LOIP and specific outcomes (Exhibit 2, page 14).

Exhibit 2
Aberdeen City Council's Strategy Framework
The council's strategies and plans generally include timescales, milestones and performance indicators linked to the LOIP.

LOIP Local Outcomes Improvement Plan

Regional Strategies (9)

Regional Economic Strategy 2015–25	Visit Aberdeen and Aberdeenshire Destination Tourism Strategy 2018–23	NESTRANS Regional Strategy 2013–35
Cultural Strategy for Aberdeen 2018–28	Aberdeen City Alcohol and Drugs Partnership Delivery Strategy 2019–22	Aberdeen City and Shire Regional Skills Strategy
North East Flood Risk Management Strategy	Aberdeen City Region Hydrogen Strategy and Action Plan	Childrens Services Plan

Place Strategies (8)

Local Development Plan	Local Transport Strategy	Local Housing Strategy	Open Space Strategy
City Centre Masterplan	Energy and Climate Change Strategy	Waste Strategy	Granite City Food Growing Strategy

ALEOs Strategies (7)

Strategy for an Active Aberdeen 2016–28	Health and Social Care Autism Strategy
Integration Joint Board Strategic Plan	Health and Social Care Carers Strategy / Sport Aberdeen – Aquatics Strategy
Sport Aberdeen – Playparks Strategy	Sport Aberdeen – Facilities Strategy

(14)

Enabling Strategies (6)

Medium Term Financial Strategy	Customer, Digital and Data Strategy	Estates and Assets Strategy
Prevention Strategy	Commercialisation Strategy	Workforce Strategy

Source: Aberdeen City Council

The council has a significant transformation programme, centred on the Target Operating Model (TOM) and digital strategy

19. In 2017, the council approved a transformation programme, including the adoption of the Target Operating Model (TOM). This has resulted in significant changes to both organisational and governance structures. The TOM was designed to move the council from traditional service-based directorates and sets out seven **organisational capabilities** ⓘ the council should fulfil. To support the delivery of these, council services are now organised across four functions:

- **Customer:** encompassing all frontline services, aiming to implement a consistent and integrated customer-focused approach. It acts as the first point of enquiry, assesses and manages demand, and is responsible for the digital transformation of council services (including management of digital partners).

- **Commissioning:** responsible for the ongoing development of the commissioning approach and commissioning cycle. It procures external services and holds operations to account against targeted outcomes to deliver the LOIP outcomes. Commissioners are the budget holders who allocate resources and specify service requirements.

- **Operations:** brings together 'in-house' services to allow joined up service delivery and identify operational improvements. It is responsible for delivering the services it is commissioned to provide, to the agreed standards. Service requirements are applied to both in-house and external service providers.

- **Resource Management:** responsible for the management of all corporate services (such as finance, people, council assets and enabling technology, and the delivery of the capital programme).

20. The implementation of the TOM resulted in changes to the number and responsibilities of Directors, and corresponding changes at lower management levels. Directors and chief officers (Tier 2) now form the Extended Corporate Management Team. It also had significant implications for staff at all levels within the council. As well as changes in overall staffing levels (paragraph 102), the **organisational capabilities** ⓘ introduced by the TOM form the basis of the behaviours and expectations of staff at all levels.

21. Following the introduction of a revised governance structure to support delivery of the TOM (paragraphs 29–32), the council approved a final organisational structure in March 2020. This included aligning Business Intelligence & Performance Management activities to the Customer function (as Data and Insights), and Governance, Strategic Place Planning and City Growth activities to the Commissioning function. The council is now organised into four directorates, supported by 14 clusters (Exhibit 3, page 16).

22. Full implementation of the TOM was achieved during 2020/21, with the wider transformation programme's overall aim being to deliver up to £125 million of accumulated savings by 2022/23. The effective redesign of services and a move to a commissioning-led approach, including the digital strategy, has resulted in wide-ranging changes and allowed the council to successfully deliver the required savings needed to maintain its financial sustainability over the short to medium term (Part 3).
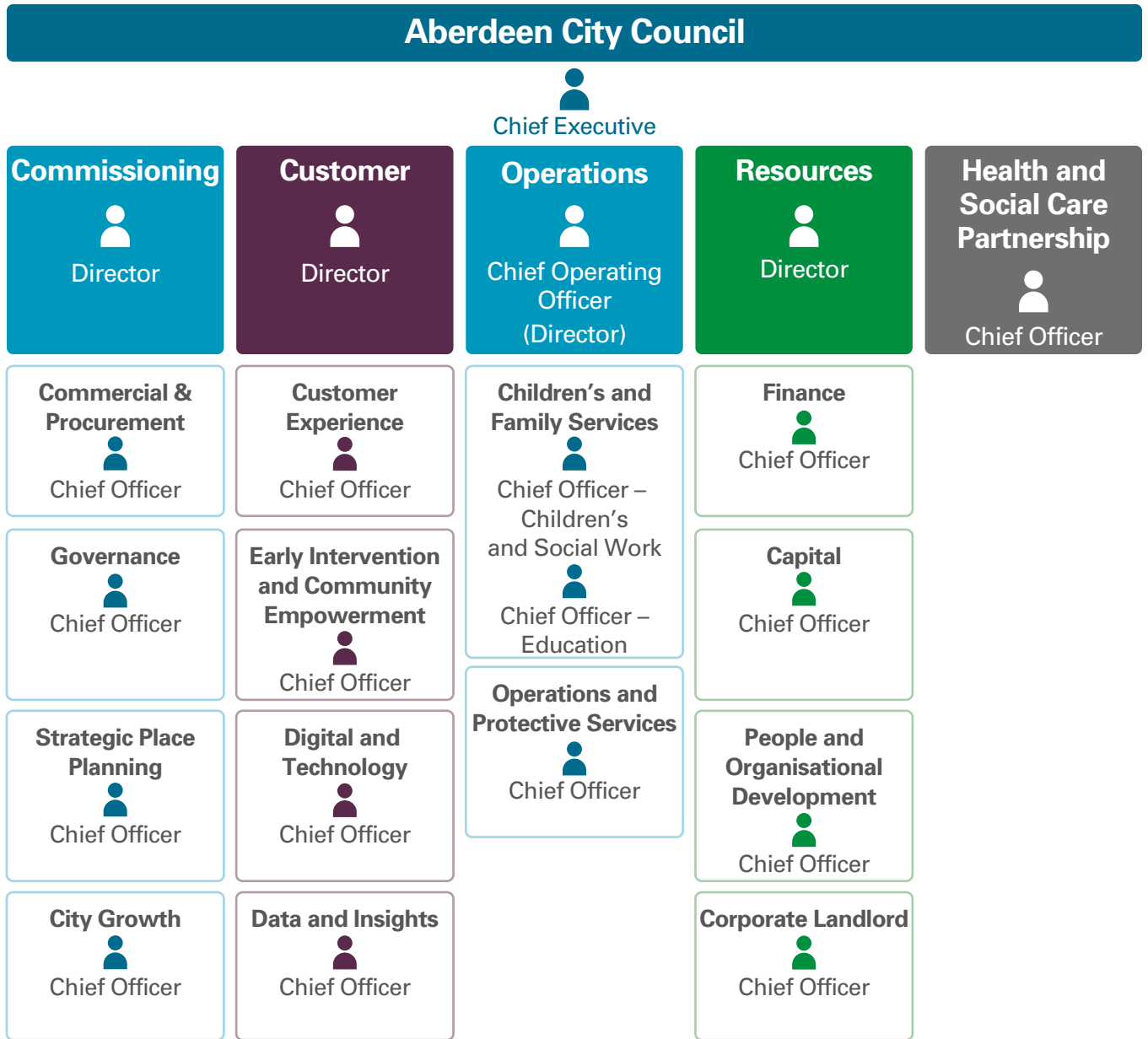
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The seven organisational capabilities are:

1. Managing demand through prevention and early intervention

2. Being flexible and adaptable

3. Ensuring accountability, transparency and openness

4. Becoming intelligence-led

5. Encouraging inclusiveness, engagement and collaboration

6. Achieving consolidation and consistency

7. Focusing on outcomes that make a difference

Exhibit 3
Aberdeen City Council's organisational structure

Aberdeen City Council

Chief Executive

Commissioning	**Customer**	**Operations**	**Resources**	**Health and Social Care Partnership**
Director	Director	Chief Operating Officer (Director)	Director	Chief Officer
Commercial & Procurement Chief Officer	**Customer Experience** Chief Officer	**Children's and Family Services** Chief Officer – Children's and Social Work Chief Officer – Education	**Finance** Chief Officer	
Governance Chief Officer	**Early Intervention and Community Empowerment** Chief Officer	**Operations and Protective Services** Chief Officer	**Capital** Chief Officer	
Strategic Place Planning Chief Officer	**Digital and Technology** Chief Officer		**People and Organisational Development** Chief Officer	
City Growth Chief Officer	**Data and Insights** Chief Officer		**Corporate Landlord** Chief Officer	

Source: Aberdeen City Council

23. Alongside the approval of the TOM and digital strategy, in 2017 the council established a Strategic Transformation Committee (STC) with access to a £15 million Transformation Fund. Of this, £11.5 million was earmarked for digital initiatives, including £5 million for digital technology; £4.5 million for appointing a Digital Delivery Partner and associated costs (including development, implementation and licensing costs); and £1 million per annum for the appointment of digital maintenance partners for two years (2018 to 2020).

24. The STC provided political oversight of the changes proposed by officers, with the Co-Leaders of the council acting as Chair and Vice-Chair. The STC was disbanded in 2019, as committees were now overseeing transformation programmes as part of ongoing business, and planned savings were being delivered. Following the successful implementation of the TOM, the council has now developed the next phase of its overall transformation programme. Using the same the design principles and capabilities, it aims to support the further service redesign that will be required to deliver financial savings for 2022/23 (being the final year of the council's current 5-year savings plan), and identify the savings required for the next five years from 2023/24 to 2027/28. Digital will continue to be the main way service redesign is enabled (Case study 1, page 18).

25. As well as planning the next stage of the ongoing transformation programme, now that the mid-point of the ten-year LOIP has been reached, the council is also in the process of finalising a refreshed LOIP (and locality plans) to cover the next five years (2021–26) (Part 4).

The council is increasingly focusing on sustainability and climate change as part of its longer-term planning

26. In 2020, Aberdeen adopted a **Net Zero City Vision** ⓘ, as it looks to address climate concerns and support economic transition and decarbonisation. The council also endorsed an associated infrastructure plan which will inform its capital programme. A city leadership group has been set up to support the vision, comprising representatives from universities, business, specialists in the field and chaired by one of the council's Co-Leaders. The council also has its own Energy and Climate Change Route Map to support this vision, and its own climate change reporting duties.

27. The council's newly approved 10-year Local Development Plan (2022–32) continues to assess applications against a sustainability checklist, but now also includes linkages to several other plans to measure future success. These include the LOIP, the Scottish Government's public health priorities and the **United Nations' (UN) Sustainable Development Goals** ⓘ.

28. In June 2015 the council approved its City Centre Masterplan, a 20-year plan including over 50 identified projects, with an overall aim to attract investment and employment to Aberdeen. As part of the 2021/22 budget, the council committed to review the plan and extended it to include further direct investment at the beachfront. The council is currently identifying which projects will be included in the extra £150 million of investment announced.

ⓘ

Net zero City Vision

In September 2020, the council signed a Memorandum of Understanding with bp to help achieve its Net Zero Vision to reduce carbon emissions and become a climate positive city. At no cost to the council bp will serve as a technical adviser in delivery of the Energy Transition Strategic Infrastructure Plan.

ⓘ

The 17 United Nations Sustainable Development Goals are at heart of the 2030 Agenda for Sustainable Development.

The thematic goals are interrelated, including issues such as water, energy, climate, oceans, urbanisation, transport, science and technology.

Case study 1

Aberdeen City Council's Digital Approach

In 2016, the council approved its digital strategy 'Being digital'. The strategy focuses on three areas: improving customer services, improving staff experience and improving how resources are used. It is underpinned by six design principles to ensure services are designed around the customer, making best use of data and technology.

In 2019, the council began working with a business partner to maximise the potential for digital technology to improve services. The council has now substantially delivered on its digital strategy. This includes largely digitalising paper-based processes; moving to cloud-based systems; making better use of real time data to monitor performance and developing a chatbot, AB1, for the council website to provide instant online responses to customer and staff queries. The council has also developed its approach to public performance reporting, with an increasing use of interactive dashboards which link to Community Planning Aberdeen's website. During these changes staff have been supported to use new technology and change working practices by a 500-strong digital champions network. The council's extended corporate management team has also shown clear commitment to embedding cultural change and championing the digital vision for the council.

The progress made in adopting digital practices and the investment in cloud-based systems and devices for staff, meant that the council was well prepared to respond to the Covid-19 pandemic. Staff were able to work remotely from home to keep essential services running. The council updated its AB1 chatbot to respond to high demand for Covid-19 information and it successfully responded to over 80 per cent of customer enquiries. The progress made against the digital strategy has been beneficial for partnership working during the pandemic. There is now greater sharing of data between Community Planning Partners and work is ongoing to further develop collaborative datasets to inform how services can be targeted to meet demand and customer requirements.

Aberdeen City Council's successful approach to embedding its digital strategy demonstrates good practice.

Source: Audit Scotland

The council's committee structure is aligned to its organisational structure and governance arrangements are subject to regular review

29. The implementation of a revised committee and board structure, aligned to the TOM structure, has resulted in a broadening of committee remits. Prior to their introduction, consideration of the proposed governance changes included consultation with elected members, senior council staff, internal and external audit, and a range of external stakeholders. This included both the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Trade Unions.

30. The council established a cross-party Governance Reference Group (GRG) to seek feedback from elected members as the new governance arrangements were being designed. While participation in the GRG has varied across political groupings, it remains in place and was used to consult with members throughout the initial design phase. For example, the council chose to keep a dedicated Education Committee (known as the Education Operational Delivery Committee) alongside the single Operational Delivery Committee originally proposed by officers. The council's revised Scheme of Governance is now reviewed annually .

Exhibit 4
Aberdeen City Council's current committee structure
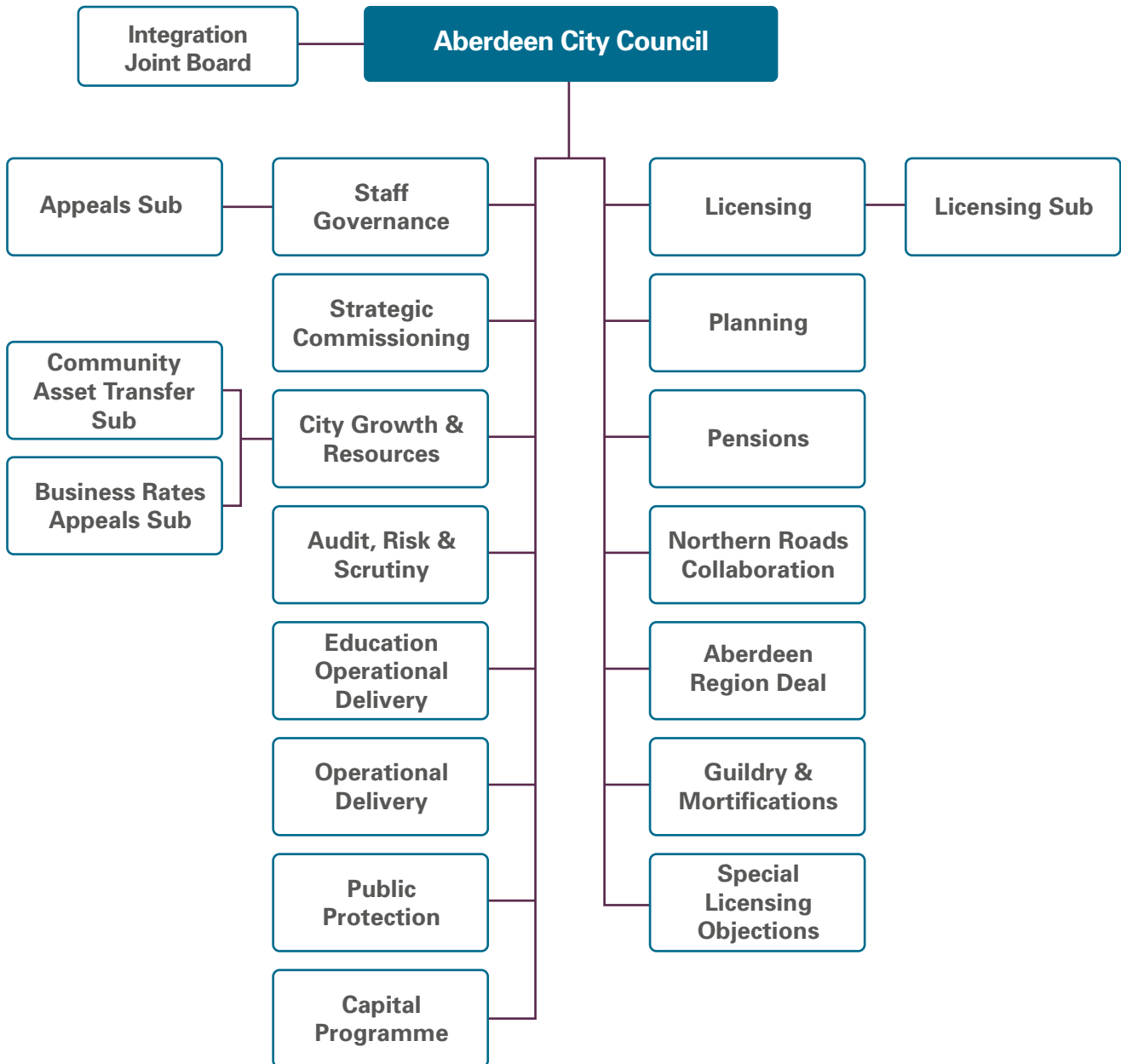
Source: Aberdeen City Council

The revised governance arrangements at the council are now well established and have received external recognition

31. Since introducing the new governance structure, the council has reviewed all elements of its governance arrangements, including committee terms of reference and powers delegated to officers. Through alignment with the TOM, there are a number of unique committees that fulfil statutory duties as part of their wider remits (or sit alongside the statutory committees).

32. Since 2016, the council has been working to apply the seven core principles outlined in the International Framework – Good Governance in the Public Sector as its review of governance arrangements progressed. Over this period, the council has recognised the importance of robust governance arrangements, adopting processes that fulfil the requirements of the framework, and developing a better understanding among members of how committees are expected to contribute to council business. This has been achieved during a period of significant organisational change. As an indicator of the progress made, following a review of the revised arrangements by CIPFA, in 2020 Aberdeen City Council became the first Scottish council to be awarded CIPFA's Governance Mark of Excellence.

Governance and transparency:

The council has continued to enhance its governance framework and has been awarded the CIPFA Governance Mark of Excellence. It exhibits strong and effective governance and has engaged with stakeholders to conduct self-assessment and identify improvement opportunities. Revisions have been made to governance in respect of operating during Covid-19, these are being subject to scrutiny and challenge by members, reported transparently and reassessed by officers. Significant progress has been made in considering the impact and setting out the critical path of actions to be taken in respect of the impact on 2021–23. Members robustly challenge and scrutinise management with a clear focus on the communities and citizens they represent, in respect of governance, process and matters presented for decision. We consider that the council operates in an appropriately transparent manner.

Source: Aberdeen City Council Annual Audit Report 2019/20, KPMG

The Corporate Management Team provides a clear strategic direction for the council while delegating delivery to officers

33. The CMT provides strong leadership and a clear strategic direction for the council, as demonstrated by its positive working relationships with the administration, staff, trade unions and partner organisations. Combined with the use of the LOIP as the basis for the council's overall vision and internal strategies, the implementation of the TOM indicates that the CMT is giving the council clear direction.

34. The CMT is committed to embedding the wider cultural changes required as part of the ongoing transformation programme, notably by developing the Guiding Principles. These Guiding Principles form the basis of the organisational capabilities identified as part of the implementation of the TOM, and the capability framework applied to staff.

The Guiding Principles:

'We care about our purpose, our city and our people; We take pride in what we do and work to make things better; One team, one council, one city; We trust each other and take responsibility; We value each other and recognise a job well done.'

Phases two to four of the transformation include the development of seven organisational capabilities, which are an evolution of the design principles of the TOM. The council recognised that embedding these capabilities into the way that the council operates requires a culture change, and it formed the Guiding Principles following engagement across the organisation.

The Guiding Principles are intended to: set out common understanding of what it means to work at and with Aberdeen City Council; guide how the council interacts with customers, partners and each other; guides the approach to decision-making, processes and policies; and ensure that all can challenge and support the way the council operates.

To define the culture needed to deliver the organisational capabilities, officers engaged with over 800 individuals from across the council, including members and trade union representatives. Options for principles and behaviours were formed and decided upon through an online survey, which generated over 1,000 responses. Five Guiding Principles, including practical example behaviours, were formally approved on 4 March 2019.

Transformation can be ineffective when an organisation's culture does not change and respond to a new way of working. Culture itself can be difficult to evolve if stakeholders cannot influence it. We consider that the Guiding Principles and the Behavioural Framework, together with the collaborative approach to their development, represent best practice and will contribute significantly to the effectiveness of the required transformation.

Source: Aberdeen City Council Annual Audit Report 2018/19, KPMG

35. To support the work of the CMT, a number of officer-led boards exist to consider and make decisions relating to strategy, risk, performance (including improvement projects) and transformation issues relating to their area of operations. The remits of each board broadly align with the aims of the TOM, and with the formal committee structure. The extended CMT is fully engaged in the work of the boards and members of the CMT chair each board to provide a strategic oversight of the various workstreams. For example, the decisions of the pre-existing Capital Board, an officer group that oversees the delivery of capital projects, can be referred to the Performance Board before being reported to the Capital Committee.

The council exhibits a mature consideration of risks, including those relating to managing its bond issue

36. The council revised its risk management framework as part of its review of governance arrangements, which saw the development of a comprehensive corporate risk register. This is supplemented by operational risk registers, giving due consideration to issues such as ongoing risks related to the UK withdrawal from the EU. In addition, the council established Covid-19 specific risk registers during 2020 to help manage and minimise specific Covid-19 risks in the short term. The CMT reviewed the corporate risk register monthly prior to November 2020, with the newly established Risk Board now fulfilling this role. The register is also subject to scrutiny by the Audit, Risk and Scrutiny Committee. The council has also recently approved a Risk Appetite Statement, articulating the principles by which it considers and manages risk as it aims to deliver its commitments and priorities.

37. The council obtained a credit rating in 2016 before issuing £370 million of bonds on the London Stock Exchange. A suitable credit rating is required to be maintained during the term of the bonds, and this relies on the appropriate management of risk. The council has arrangements in place to ensure compliance with the Market Abuse Regulation, Disclosure and Transparency Rules, the Financial Conduct Authority's Listing Rules and the requirements of the London Stock Exchange Admission and Disclosure Standards. These arrangements mean that elements of governance are strictly enforced and place additional requirements on elected members and officers. The council has a clear focus on the importance of good governance and both officers and members consider that the additional discipline and rigour of meeting the additional requirements has improved scrutiny across the council as a whole.

The political composition of the council has led to tensions between the administration and opposition, limiting effective cross-party working

38. Following the 2017 local elections Conservative, Scottish Labour and independent councillors formed a majority administration. Despite the SNP being the largest single party, neither the SNP nor Liberal Democrats entered into negotiations to form a coalition administration. Since then, due to a number of by-elections and party whips being withdrawn, the composition of the council has changed. Currently, a minority administration is in place, comprising the Conservatives, Aberdeen Labour and the Independent Alliance Group (Exhibit 5).

Exhibit 5
The political make-up of Aberdeen City Council
Since the 2017 there have been a number of membership changes, with the administration now operating as a minority.

Political composition	2017	2021
Scottish Conservative and Unionist Party	11	10
Aberdeen Labour[1]	9	9
Independent Alliance Group	3	3
Scottish National Party (SNP)	19	19
Scottish Liberal Democrats	3	3
Independent[2]	0	1
Administration	23/45	22/45

Notes:
1. Prior to the 2017 local elections, and the formation of the Conservative/Labour/Independent administration, the Scottish Labour Party suspended its nine councillors who now sit as Aberdeen Labour.
2. Despite a series of by-elections, the administration held an effective majority on the council until December 2019, when a Conservative councillor had the whip withdrawn. Following an interim suspension and investigation by the Standards Commission for Scotland, a 12-month suspension was imposed. In March 2021 this suspension ended, and the councillor's full voting rights were returned, resulting in a minority administration.

Source: Aberdeen City Council

39. With the vision and outcomes of the LOIP enjoying widespread political support, and the administration using these as the basis for their 2017 policy statement, there is agreement about the council's broad priorities. Much of the political tension that arises relates to national politics, with an increasingly polarised debate leading to overt constitutional positions being expressed as council policy. This has also resulted in officers being directed by the council to write directly to both the Scottish and UK governments on a range of issues.

40. There are also differing opinions about how the council is implementing policies but the political balance of the council since 2017, and the delegation to officers enabled by the TOM, has limited the impact of political tensions on council business. However, there have been instances where political tensions, reflecting differences between parties' local and national policies and directives, have directly impacted on council governance and scrutiny. There remains little evidence of formal cross-party working groups, other than those focused on specific processes or elected member development. Should this political tension continue, whether before or after the local elections in 2022, there is a risk that this could affect the council's ability to deliver effectively for the local population.

41. Most cross-party groups are established for specific projects, for example the City Centre Masterplan Reference Group, the Disability Equity Partnership and the School Estate Working Group. Even where there are specific focused initiatives, members do not always engage. For example, in 2019 opposition members withdrew from the Governance Reference Group. Before this, there was a clear momentum to achieve cross-party working in this area, as evidenced by the council's 2017 governance review, and the development of a new Member Officer Relationship Protocol (MORP) to complement the Code of Conduct.

42. All political groupings consider that they maintain good relationships with officers and feel well-supported and well-briefed. The chief executive and CMT regularly meet with all political group leaders. Officers work with all parties to produce comprehensive budget proposals and also provide briefings and service updates on specific issues at the request of councillors. Nevertheless, opposition members we spoke to indicated that there is a degree of unhappiness with elements of the revised committee structures, and the level of delegation to officers. These members feel that they now have more limited opportunities to challenge and propose alternative motions than under the previous arrangements.

Elected members provide effective scrutiny and challenge to officers
43. Despite these tensions and concerns, the cross-party agreement of the LOIP vision and priorities has resulted in a number of unanimous votes on major issues. There is evidence of appropriate scrutiny and challenge of officers from elected members. Observation of committees and a review of minutes suggests that councillors demonstrate a good understanding of papers, are engaged, and provide appropriate challenge. Officers regularly provide briefings ahead of meetings, and members can request service updates which are provided through online committee libraries.

44. In accordance with Standing Orders and best practice, the Convener and Vice-Convener of the Audit, Risk and Scrutiny Committee are opposition councillors and the majority of the main committees are politically proportionate. Outside meetings of the full council, formal voting is limited. Alternative motions are regularly proposed but administration motions and recommendations are often passed with limited debate at committee.

Member training is comprehensive and personalised development plans are being developed for councillors

45. The council offered comprehensive training opportunities to elected members between 2017 and 2020. Training was offered on a wide range of subjects, for example working with outside bodies and ALEOs, the Integration Joint Board, the Code of Conduct and a specific training course related to bond governance.

46. Councillors' attendance at training can be variable depending on their role, experience and tenure. The council runs multiple sessions for mandatory or more technical training, for example bond governance and recruitment training, and also responds to requests from members and committees for training sessions on specific topics to delivered. Following CIPFA's review of governance arrangements as part of the council's application for governance accreditation, the council is now looking to introduce more tailored personal development plans for individual councillors before the 2022 local election. Members have been consulted on the introduction of the development plans through the cross-party Elected Member Working Group.

The council responded quickly to the challenges that Covid-19 presented to ongoing scrutiny

47. In response to Covid-19, the council moved quickly to empower its Urgent Business Committee. Between March and September 2020, the full council and most committees were put into abeyance and the Urgent Business Committee (UBC) became the main decision-making and scrutiny forum within the council. This involved:

- introducing a temporary standing order to allow virtual attendance at meetings

- further delegation of powers to officers

- reducing the UBC membership from nine to five (only the group leaders). The administration rejected a procedural motion from the opposition to revert to full membership in May 2020 pending a report to the UBC in June which was to consider various governance issues. Full membership was reinstated alongside the wider committee structure in August 2020.

Part 2

How well is the council performing?

The council has improved how it reports performance information to committees through the introduction of a revised Performance Management Framework. It continuously updates performance information but could further enhance its reporting against priorities.

The council's performance is improving overall, although has declined compared to other councils over the last five years. The council has identified performance issues in some key services, such as education and housing, and has taken steps to address these.

The council's approach to digitalisation and its established working relationships with partners enabled it to respond quickly to the immediate challenges created by Covid-19

48. The Covid-19 pandemic has had a significant impact on council services and created many short-, medium- and long-term challenges for the council. The delivery of many services had to be adapted to ensure that the needs of citizens could be met during the pandemic.

49. Many employees transitioned to working from home and online and telephone services were set up to support citizens. The council also redeployed staff to support critical roles. Between April and September 2020, approximately 1,600 staff volunteered to transfer temporarily to other roles. The council approved 158 transfers to support a range of critical and emergency assignments, with a further 424 supporting education and childcare hubs over holiday periods.

50. The council's approach to digitalisation (Case study 1, page 18) and the strength of established relationships with partners (Part 4) has enabled the council to respond promptly to the immediate challenges created by the pandemic. For example:

- The council was able to move school pupils to a distance learning model, using existing and new initiatives to provide equipment to pupils. Data analytics software allowed education officers and teachers to monitor the usage and engagement of pupils with remote learning at cluster, individual school, class and pupil level. Since the start of the pandemic, the council

has conducted two distance learning surveys to help determine how successful the model has been and to support planning.

- Three wellbeing hubs within the City's three priority neighbourhoods (Northfield, Tillydrone and Torry) were established to support children and families. These aimed to, for example, strengthen preventative work to support family wellbeing, improve awareness of mental health and wellbeing to address stigma and any cultural issues and build capacity across the workforce.

A revised Performance Management Framework provides a more structured approach to reporting performance, but reporting overall progress against outcomes could be clearer

51. The council introduced a revised Performance Management Framework (PMF) in March 2019. This sets out how the council uses performance management information to support the vision of the LOIP, achieve continuous improvement and meet the needs of its customers through service delivery. The council now uses a more structured approach to reporting performance by:

- focusing on achieving longer-term outcomes (in keeping with recommendations made in our 2015 Best Value report on the council)

- presenting analysis based on four perspectives: customer, processes, staff and finance and controls, at both a cluster and service level

- a move towards the use of real time data.

52. The council monitors its performance against planned outcomes through its annual delivery plan, cluster-based reporting to committees and the Aberdeen Outcomes Framework (AOF). This framework includes wider performance data for 15 stretch outcomes, covering the each of three priorities set out in the LOIP: Prosperous Economy, Prosperous People (children and young people, and adults) and Prosperous Place.

53. An annual review of progress against the council's delivery plan sets out the key drivers behind each of the priorities, performance highlights and progress made during the year. However, it is not clear how well the council is performing overall. A high-level summary of performance would allow users to have a clearer view of the progress the council is making against its priorities to improve outcomes for citizens.

The council's performance against planned outcomes is improving overall, with improvement plans in place for areas of underperformance

54. As noted in Part 1, the council supports the delivery of the LOIP through its commissioning intentions and a suite of key performance measures set out in its annual delivery plans. Key performance indicators are continuously updated to reflect activity and progress against longer-term outcomes, with the council reporting on the most up-to-date information available. However, as the baseline year and reporting frequency for many indicators vary, it can be difficult to assess overall improvement against priorities consistently over time.

55. Our analysis of the AOF shows that performance, based on key measures directly related to the council's delivery plan, has improved against 64 of the 99 indicators, declined in 23 and stayed the same in the remaining 12. An additional 23 key performance indicators do not have trend information available. As of April 2021, the majority of indicators for each priority theme have improved overall (Exhibit 6).

Exhibit 6
Aberdeen City Council's performance against outcomes by priority theme, April 2021
The council improved on more performance indicators than declined within each priority.
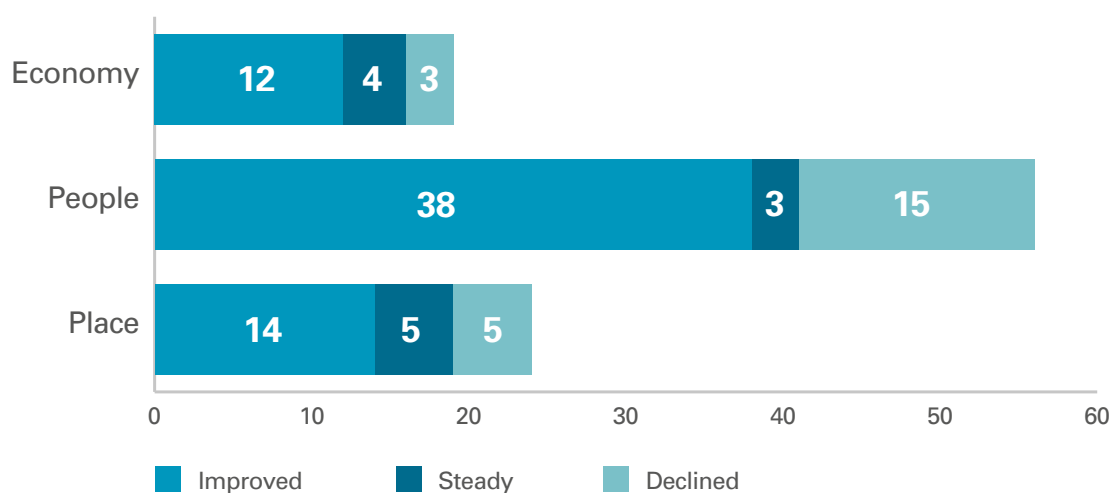
Notes:
1. While the AOF encapsulates wider performance information, this exhibit includes only those key measures relating specifically to the council's delivery plan.
2. There are some indicators where management judgement is used to determine trend performance.

Source: Audit Scotland using the Aberdeen Outcomes Framework, April 2021

56. Examples of where the council has improved performance against its priorities include:

- **Economy: Stretch outcome 2 – 90 per cent of people in Living Wage employment by 2026:** All four indicators supporting this stretch outcome have improved.

- **People: Stretch outcome 5 – 95 per cent of care experienced children and young people will have the same levels of attainment in education, emotional wellbeing and positive destination as their peers by 2026:** Of the 16 performance indicators supporting this stretch outcome, 13 have improved, one has declined and one being maintained. One indicator does not have trend information available yet.

- **Place: Stretch outcome 14 – Addressing climate change by reducing Aberdeen's carbon emissions by 42.5 per cent by 2026:** There are 19 performance measures supporting this outcome with 11 improving, two declining and three being maintained. Three indicators do not have trend information available yet.

57. Together with partners, the council has also identified areas of underperformance relating to the delivery of the outcomes in the LOIP. Since 2019, 120 short-term improvement projects have been agreed to support the delivery of these planned outcomes. Community Planning Aberdeen uses a progress scale to monitor each project and as at February 2021, 72 projects were reported as being live. Of these:

- 80 per cent of projects were in the approved, designing or testing phases

- eight per cent of projects were reported as showing initial indications of improvement, three per cent have achieved the improvements set out and one per cent showed sustained improvement

- three per cent of projects were reported as being complete

- six per cent of projects were reported as being on hold.

The Community Planning Aberdeen (CPA) board approved an updated improvement programme in September 2020 to reflect the impact that Covid-19 had on priorities and timescales for action. CPA or the council monitors the progress of these projects, depending on their focus, and progress can also be reviewed through online project updates.

Over two-thirds of the council's performance indicators are on target
58. Performance information is mainly reported to one of either the Strategic Commissioning Committee, the City Growth and Resources Committee, the Operational Delivery Committee or the Education Operational Delivery Committee. The mix of monthly, quarterly and annual data means it can be difficult to accurately assess overall progress over time.

59. Over 380 performance measures are reported using outcomes-based performance indicators as well as standard management information on issues such as complaints, health and safety, and employee establishment numbers. In total, there are 192 cluster outcomes-based performance indicators reported on across the council's 14 clusters (Exhibit 7, page 29). A traffic light system is used to show the current status of indicators. Our analysis of this information shows that, as at April 2021:

- 134 indicators (70 per cent) were within five per cent of the target or national figure

- 29 indicators (15 per cent) were more than five per cent outside the target or national figure

- 29 indicators (15 per cent) were more than 20 per cent outside target or national figure.
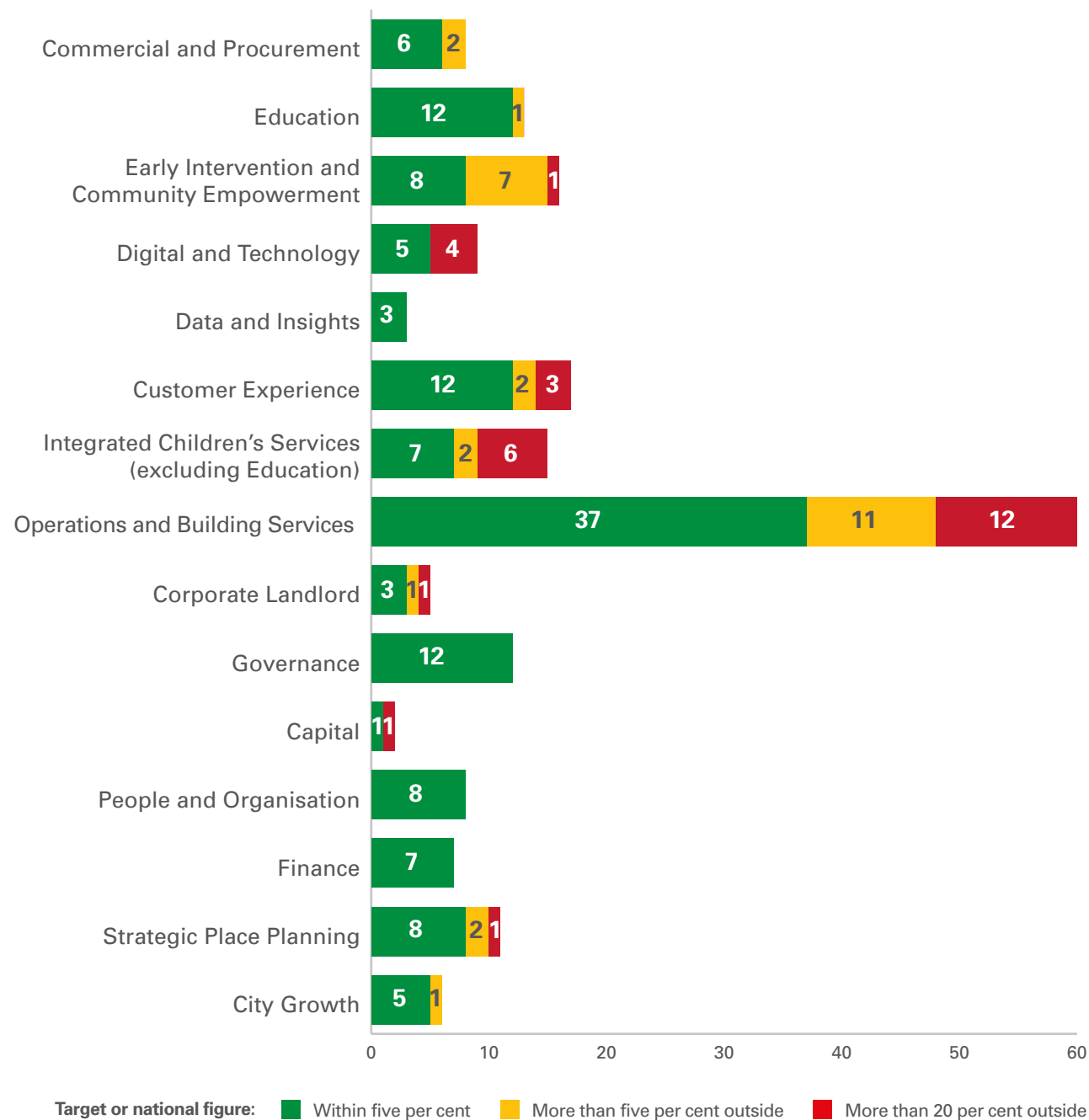
The council has improved its performance against 60 per cent of specific LGBF indicators over the last five years
60. Each year, the Improvement Service publishes the Local Government Benchmarking Framework (LGBF). The LGBF brings together a wide range of performance information for all Scottish councils including how well they are delivering services, the cost of services and residents' satisfaction. A total of

Exhibit 7

Performance status against outcomes-based indicators for each cluster, 2020/21

The majority of indicators were within the limits of the council's target or national figure for all but three clusters.

Cluster	Within five per cent	More than five per cent outside	More than 20 per cent outside
Commercial and Procurement	6	2	
Education	12	1	
Early Intervention and Community Empowerment	8	7	1
Digital and Technology	5		4
Data and Insights	3		
Customer Experience	12	2	3
Integrated Children's Services (excluding Education)	7	2	6
Operations and Building Services	37	11	12
Corporate Landlord	3	1	1
Governance	12		
Capital	1		1
People and Organisation	8		
Finance	7		
Strategic Place Planning	8	2	1
City Growth	5	1	

Target or national figure: ■ Within five per cent ■ More than five per cent outside ■ More than 20 per cent outside

Notes:
1. Performance reporting for the children's and family services cluster is split across two committees, the Operational Delivery Committee and the Education Operational Delivery Committee.
2. RAG statuses are based on thresholds presented in the council's performance reports.
3. Analysis is based on information presented in the most recently available committee reports, as at April 2021. This includes 2020/21 Quarter 2 data for clusters reporting to the City Growth and Resources Committee (February 2021) and 2020/21 Quarter 3 data for clusters reporting to the Operational Delivery Committee (March 2021), Education Operational Delivery Committee (March 2021) and the Strategic Commissioning Committee (April 2021).
4. The performance report presented to the City Growth and Resources Committee in February 2021 was missing information on the status of two indicators, one within the city growth cluster and one within the capital cluster. This information was subsequently provided by the council and included within this analysis.

Source: Audit Scotland, April 2021

97 performance, cost, and satisfaction indicators across all council services are included, allowing councils to monitor performance consistently over time.

61. We have analysed Aberdeen City Council's performance over the last five years, against 37 LGBF indicators. This analysis focuses mainly on outcomes-based indicators and excludes satisfaction and most education and cost indicators. Between 2015/16 and 2019/20, the council's performance can be summarised as follows:

- The council improved performance against 23 indicators (62 per cent), including, improvements against seven out of eight economic indicators (paragraph 68) and four out of six corporate service indicators.

- Performance declined against 14 indicators (38 per cent), including in housing services and social work, where three out of five indicators declined in both services.

62. The council incorporates most LGBF indicators into its regular performance reporting to committees. It uses this benchmarking data to monitor its own performance, to compare itself against Scotland's three other largest cities and against the country as a whole, and to identify areas for improvement. In 2018/19, the council put in place ten improvement projects related to specific LGBF indicators, covering a range of service areas.

63. Performance improved against seven of these indicators in 2019/20. For example, there has been an improvement in the cost per attendance at sports and recreation facilities (which decreased by five per cent). Despite improvement actions being taken, performance fell against the other three indicators, including the percentage of income due from council tax received at the end of the year. This fell from 94.6 per cent in 2018/19 to 93.6 per cent in 2019/20.

National benchmarking data shows that the council's relative performance has fallen over the last five years
64. The LGBF also allows individual councils to compare their performance with that of other councils and with Scotland as a whole. Relative performance is assessed by dividing performance into four quartiles. Quartile one contains the best performing councils, while quartile four contains the poorest-performing councils. Aberdeen City Council's performance relative to other councils has fallen since 2015/16, with 17 indicators (46 per cent) in the top two quartiles in 2019/20 compared to 19 (52 per cent) in 2015/16 (Exhibit 8, page 31).

The council has made significant changes to improve performance across its services, but it is too early to assess the impact of many these
**65.** Since 2017, the council has continued to make significant changes to help improve performance in key areas, including:

- a restructure within education services (paragraph 74)

- the implementation of plans and strategies to support improvements in key services and to aid recovery from the pandemic

- a focus on improvement activity which includes recently initiated short-term projects to support the achievement of longer-term outcomes.

Exhibit 8
Aberdeen City Council's performance relative to other councils, 2015/16 to 2019/20
The percentage of indicators in which the council is performing in the top half of all councils has fallen from 52 per cent in 2015/16 to 46 per cent in 2019/20.
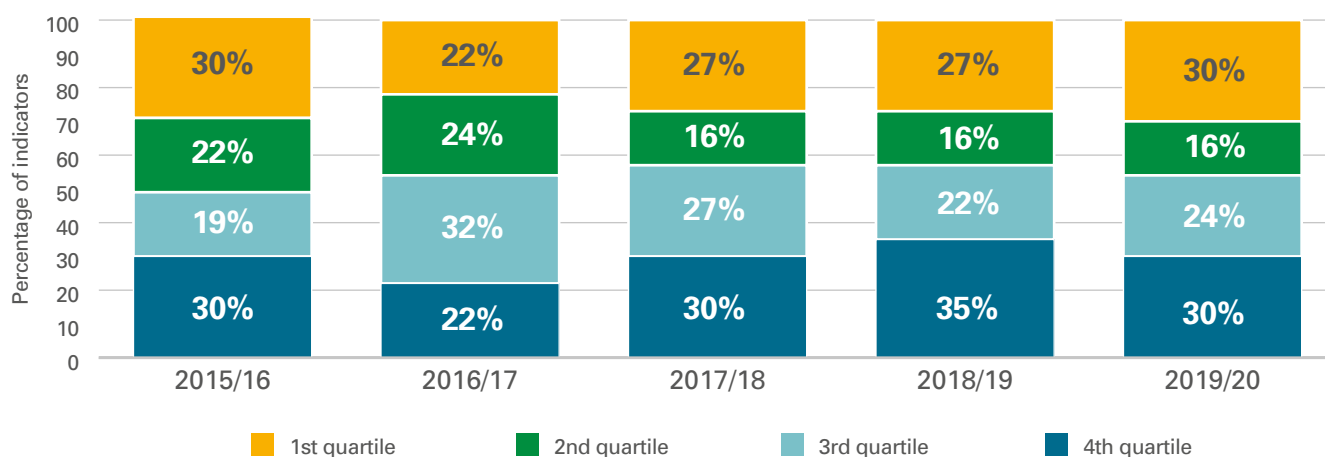
Notes:
1. 2015/16 does not equal 100 per cent due to rounding.
2. The analysis is based on 37, mainly outcomes-based, indicators which were reported every year within the five-year period. The analysis excludes satisfaction and most cost-based indicators as high or low cost cannot be easily determined as positive or negative as these may be influenced by a council's priorities and local circumstances. Due to comparability issues, indicators related to education attainment have also been excluded.
3. The collection of some social care data included in the analysis was impacted by Covid-19 and these indicators have therefore been calculated slightly differently for 2019/20.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2018/19

66. Much of this activity has occurred recently, therefore it is not yet possible to assess the impact. However, the council's performance management arrangements, and its move towards the use of real-time data, enables effective and timely scrutiny of how performance is improving as a consequence of the changes being made.

The council has improved its performance against most economic development indicators
67. Historically, economic success in the North East has been driven by the oil and gas industry but a downturn in prices in 2014 presented the area with significant economic challenges. In 2015, Aberdeen City and Aberdeenshire councils developed a Regional Economic Strategy which set out a long-term vision to strengthen the local economy. In June 2018, the council approved a refreshed economic action plan covering the five years to 2023. This sets out updated actions under four key themes of investment in infrastructure, innovation, inclusive economic growth and internationalisation. The Aberdeen City Region Deal, signed in December 2016, was informed by the 2015 strategy and its impact was reflected in the strategy refresh (paragraph 112).

68. Economic opportunities and improved outcomes for the communities of Aberdeen City are dependent on many factors, such as increasing job opportunities and attracting investment. The council's performance improved

against most LGBF economic indicators in 2019/20 compared to 2015/16. Between 2018/19 and 2019/20, improvement efforts focused on:

- **the percentage of unemployed people assisted into work from council operated/funded employability programmes** – between 2015/16 and 2018/19, the council was consistently amongst the lowest performing councils in Scotland against this indicator. Improvement activity, through the ESF-funded Progress Through Positive Partnerships and additional support provided to individuals through the Fairer Aberdeen Fund support fund, has since supported an increase in people assisted into work in 2019/20, rising from 5.5 per cent of unemployed people in 2018/19 to 10.5 per cent 2019/20. Uncertainty around the future availability of funding support for employability programmes, and their nature, is likely to present challenges for the council and providers in sustaining these opportunities

- **the percentage of procurement spend spent on local enterprises** – between 2015/16 and 2018/19, the council's procurement of goods and services from local businesses declined from 30 per cent to 21.5 per cent. To address this, a joint initiative between Aberdeen City and Aberdeenshire councils was introduced. The Positive Procurement Programme is intended to provide increased opportunities for local businesses across all categories of spend. In 2019/20, performance against this indicator increased by 10.7 percentage points, to 32.2 per cent, compared to the previous year.

69. In 2017, the council established an Economic Policy Panel to evaluate and advise on economic performance across Aberdeen City and the wider North East region. The Panel's work also supports the council's annual credit rating assessment. The Panel's report in November 2020 noted that, while the scale of economic challenges facing the region has increased due to the Covid-19 pandemic, a focus on longer-term challenges should remain and the pace of change increased.

70. In response to the Covid-19 pandemic, Community Planning Aberdeen published the Socio-Economic Rescue Plan 2020/21 in July 2020. This sets out how the partnership will manage and address social and economic challenges, many of which have been heightened due the pandemic. The Plan includes actions, intended outcomes and financial implications, and is aligned to the priorities set out in the LOIP.

The council has sought to improve its education performance by restructuring, tackling recruitment issues and implementing new plans and policies

71. Raising attainment for senior school pupils has been challenging for the council. Education attainment levels were below national figures between 2015/16 and 2018/19 using selected LGBF indicators (Exhibit 9, page 33). The percentage of pupils achieving five or more awards at level five was the only indicator showing an improvement over this period. In particular, the council is still trying to close the attainment gap between pupils living in the 20 per cent most deprived data zones and secondary school pupils as a whole. Over the four-year period, the gap between the percentage of pupils achieving five or more awards has increased from 22 to 26 percentage points for pupils at level five and from 18 to 22 percentage points at level six.

Exhibit 9
LGBF education attainment indicators, 2015/16 to 2018/19
The council's performance has been consistently lower than the national figures.
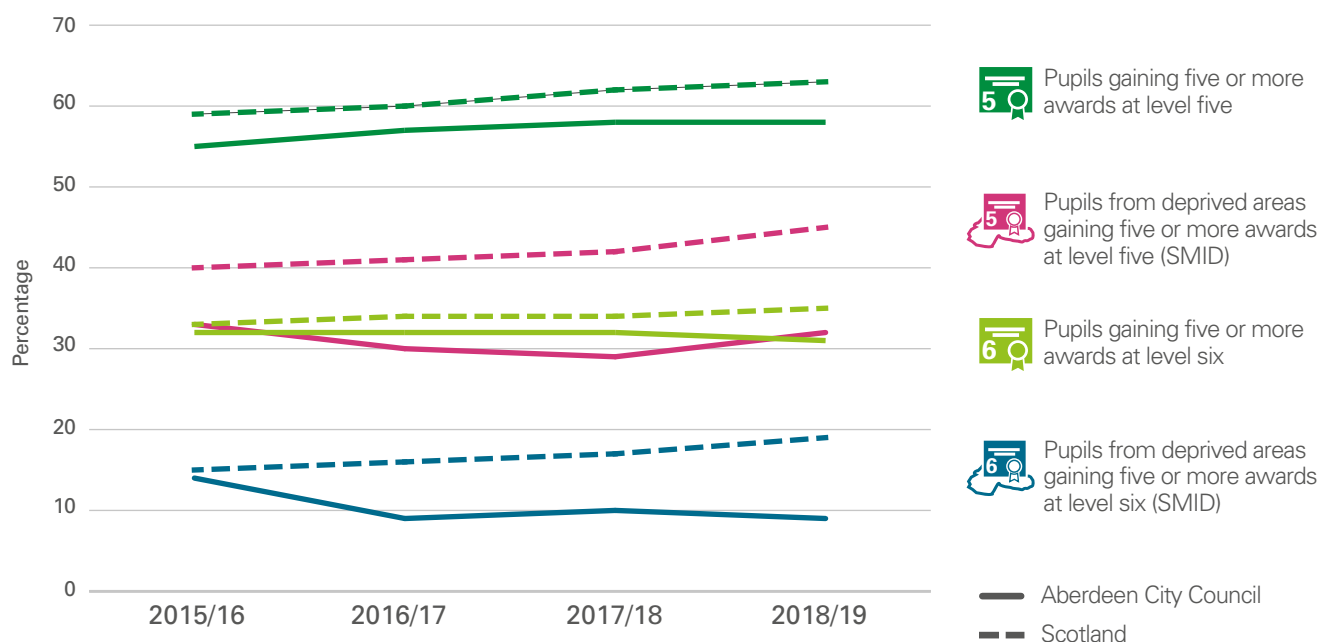
Source: Audit Scotland using the Local Government Benchmarking Framework, Improvement Service, 2019/20

72. The Covid-19 pandemic has affected the comparability of 2019/20 data with previous years. The cancellation of exams in 2020 meant the grades were awarded based on teacher estimates and therefore cannot be used for trend analysis. The joint report, Improving outcomes for young people through school education ⊕, by the Accounts Commission and Auditor General for Scotland, published in March 2021, noted that measuring progress has been hampered by the pandemic which could create risks around accountability.

73. The council also uses a wide range of other data to assess performance and identify areas for improvement. This includes Achievement of Curriculum for Excellence (ACEL) information as well as the Accounts Commission's Statutory Performance Indicators (SPIs). Analysis of ACEL data shows an improving trend of pupils achieving the expected standards of learning for five core skills including listening and talking, reading, writing, literacy and numeracy. Aberdeen City Council ranks in the bottom half of councils in Scotland using these measures, but its position has improved since 2016/17 across 22 of the 30 indicators. The council considers that improvements have been supported by more focused quality improvement activity, and a shared learning and teaching standard to drive consistency and support self-evaluation.

74. As part of the TOM, the council restructured its senior education team in late 2018, including establishing the post of chief education officer. The council expects these changes, together with a better alignment of remits to the priorities

set out in the LOIP and the National Improvement Plan Framework, will help build a more collaborative, accountable and sustainable education system.

75. The council has introduced measures to support improvements in attainment and the percentage of young people entering a positive destination. A review of the Senior Phase took place in 2018/19, which involved all secondary schools conducting a curriculum design review. Through this, the council, together with partners such as Skills Development Scotland, is aiming to provide young people with a wider range of opportunities to ensure they have the skills to match the jobs available within the region. In light of the Covid-19 pandemic, the council is carrying out a further review of the senior phase to ensure that young people have the appropriate skills in areas such as digital and renewables.

76. The council's difficulty in recruiting teachers has contributed to the challenges it has faced in raising attainment. Over the last five years, there were, on average, around 100 teaching vacancies across primary and secondary schools. Furthermore, up to a third of city schools had an acting head teacher in post meaning that there was a potential reduction in the ability to exercise strong and local leadership. The council sought to address these issues through, for example, the use of social media campaigns by promoting the city as an attractive place to live and work. The council filled all primary school teaching vacancies by the beginning of the 2021/22 session, although a small number of secondary teaching vacancies remained. In addition, a permanent head teacher was in place at all schools.

Housing remains an area of challenge for the council but there has been some success in its efforts to tackle homelessness

77. Aberdeen City Council is the fifth biggest social landlord in Scotland, owning around 22,000 properties. The Scottish Housing regulator (SHR) publishes data submitted by social landlords on their performance against the Scottish Social Housing Charter standards and outcomes. Since 2015/16, performance against four indicators has improved and nine indicators have declined (Exhibit 10, page 35). Performance against nine out of the 13 indicators was below the national figure in 2019/20.

78. Between 2018/19 and 2019/20, Aberdeen had the fifth biggest reduction in homeless applications, falling from 1,627 to 1,486, despite there being an increase nationally. The council also saw the biggest reduction of households living in temporary accommodation, from 394 to 298. Nationally, the number of households living in temporary accommodations in 2019/20 was the highest it had been since 2002. To support efforts in tackling homelessness, the council introduced its early intervention Rapid Rehousing Transition Plan in 2019. Through this, the council:

- has reduced the time between receiving an application and permanently housing a previously homeless person from 171 days in 2015/16 to 125 days in 2019/20. Performance now compares favourably with the national figure of 224 days. The council is now aiming to reduce the total application time to 50 days by 2024. The council is using a number of initiatives to drive improvements, including combining various housing roles so that staff can focus on cases while also improving the applicant's experience

- is introducing a consistent approach to housing options for those previously assessed as homeless, increasing tenant awareness of

Exhibit 10
Aberdeen City Council's performance against the Scottish Social Housing Charter standards and outcomes, 2015/16 and 2019/20
Performance against nine out of 13 indicators has declined over the period.

	Aberdeen City Council			Scottish average
	2015/16	2019/20		2019/20
Tenant satisfaction				
Proportion satisfied with overall services provided (%)[1]	85.9	83.0	⬇	89.2
Proportion who felt landlord was good at keeping them informed (%)[1]	84.5	76.9	⬇	92.0
Proportion satisfied with opportunities to participate in decision-making (%)[1]	79.8	67.7	⬇	87.2
Quality and maintenance of homes				
Proportion of homes that meet the Scottish Housing Quality Standard (%)	92.3	88.1	⬇	94.4
Average time to complete emergency repairs (hours)	5.2	4.1	⬆	3.6
Average time to complete non-emergency repairs (days)	6.5	5.5	⬆	6.4
Proportion of reactive repairs completed 'right first time' (%)	92.6	93.1	⬆	92.4
Proportion of tenants who were satisfied with repairs or maintenance carried out (%)	95.2	91.5	⬇	91.4
Neighbourhoods				
Number of cases of anti-social behaviour (per 100 homes)[2]	17.4	19.1	⬇	7.5
Proportion of cases resolved within locally agreed target (%)	98.4	97.1	⬇	87.9
Value for money				
Current and past rent collected during the year as a proportion of total rent due in year (%)	101.6	97.1	⬇	99.3
Uncollected rent due because homes were empty (%)	1.7	1.9	⬇	0.9
Time taken to re-let homes (days)	104.4	69.6	⬆	31.8

Notes:
1. Tenant satisfaction data is based on a survey carried out in 2017/18. This council is currently updating this for 2021.
2. The most recently available data for the number of cases of anti-social behaviour (per 100 homes) is 2018/19.

Source: Scottish Housing Regulator and Annual returns of the Charter, 2019/20

support available, and reviewing its rent and corporate debt policy to place greater emphasis on tenancy sustainment. The council has targeted rent arrears as one of five improvement projects with progress reported to its Performance Board.

Satisfaction has improved across many services, but the council ranks among the lowest in Scotland for satisfaction with local schools

79. Measuring user satisfaction is an important way of determining where council services need to do better. The LGBF includes several indicators relating to service user satisfaction. The council's performance improved against seven of the 11 satisfaction indicators over the last five years (Exhibit 11, page 37). Between 2017 and 2020, Aberdeen ranked in the top ten councils in Scotland for satisfaction with parks and open spaces, and with the percentage of adults who agree that the support they are receiving is having a positive impact on their quality of life. Satisfaction with local schools ranked particularly low. Overall, Aberdeen City Council's ranking compared to other Scottish councils improved in all but one of the indicators.

Performance information is easily accessible, but the council could make it easier for citizens to assess overall performance

80. Through the PMF, the council has developed its approach to public performance report and is aiming to modernise how it uses data. Performance information is made available on a dedicated section on the council's website. This includes links to:

- interactive dashboards and reports on Community Planning Aberdeen's website, including the Aberdeen Outcomes Framework

- performance scorecard reports issued to committees

- benchmarking data such as the Local Government benchmarking Framework

- inspectorate reports such as those by the Care Inspectorate, Education Scotland and the Scottish Housing Regulator.

81. The council provides a lot of performance information in a variety of formats from detailed performance committee reports to interactive dashboards that allow real-time data to be accessed easily. The council also reports on improvements and highlights where challenges remain.

82. The council has a fair and balanced approach to performance reporting, but it could further enhance the transparency of this for local citizens. The links to several external websites, and to internal performance reports, require individuals to carry out their own assessment of how the council is performing. A summary of performance, for example against national benchmarking data, would support the council in improving the transparency of reporting performance against outcomes.

Exhibit 11
Aberdeen City Council's performance against LGBF satisfaction indicators compared with performance nationally 2015–20
The council's performance has improved in seven of the 11 satisfaction indicators over the last five years.

|	Aberdeen City		Scotland	Rank
	2015–18	2017–20	2017–20	2019/20
Adults satisfied with local schools	67.00	68.40	71.83	27
Adults satisfied with libraries	72.33	72.73	72.37	19
Adults satisfied with parks and open spaces	87.67	87.97	83.50	8
Adults satisfied with museums and galleries	68.33	67.97	69.30	12
Adults satisfied with leisure facilities	71.33	71.40	70.10	16
Adults satisfied with refuse collection	81.67	80.37	74.30	12
Adults satisfied with street cleaning	68.00	60.00	62.63	21
Adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life*	80.26	83.56	80.03	8
Adults supported at home who agree that they are supported to live as independently as possible*	80.03	81.85	80.78	14
Adults supported at home who agree that they had a say in how their help, care or support was provided*	75.54	78.12	75.43	10
Carers who feel supported to continue in their caring role*	38.20	33.59	34.28	20

Notes:
* Denotes indicators taken from the Health and Care Experience Survey and are based on 2019/20 data.

Source: Audit Scotland; Local Government Benchmarking Framework, Improvement Service, 2019/20

Part 3

Is the council using its resources effectively?
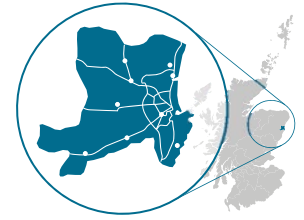
The council has robust financial management arrangements, including effective monitoring and reporting and medium-term financial planning.

The council has delivered the required savings in years one to four of its ongoing transformation programme, with digital initiatives a main driver of this.

The financial outlook is challenging but the council is well placed to address projected funding gaps through its transformation programme and medium-term financial plan.

The council has a robust approach to budgeting which is linked to the delivery of strategic priorities

83. The council's approach to budgeting supports longer-term planning and informed decision-making. The council prepares annual operating and capital budgets which are determined through consideration of its commissioning-based approach, transformation programme and Council Delivery Plan. These arrangements are well designed and aligned.

84. This iterative process concludes in November each year when budget proposals and the services to be delivered are presented to the City Growth and Resources Committee. A key part of this is the presentation to members of different budget scenarios, setting out how levels of service are likely to be affected by changes to budgets. Officers provide a good level of support to members (paragraph 42) and councillors undertake significant scrutiny of the budget packs provided to them.

85. Alongside the annual budget (which also includes indicative figures for the next two years) the council prepares a seven-year Medium-Term Financial Strategy (MTFS). In recent years, the Scottish Government has provided details of its funding for councils only one year in advance. The council therefore undertakes comprehensive scenario planning to inform its medium-term financial plans. These cover the next five-year period in detail and assume no increase in Scottish Government funding beyond the most recent settlement and also including anticipated spending increases. The approach ensures that medium-term financial planning is linked to the delivery of strategic priorities, while also identifying the likely scale of savings required from the transformation programme.

86. The council undertook a longer-term financial planning exercise in 2016 as part of its bond issue. This was required to support the affordability assessment of the bond issue and to allow the council's credit rating to be issued. The council should ensure that this longer-term plan is regularly reviewed, at least as scheduled, so that its long-term financial position is understood.

The council has delivered significant savings and has been successful in balancing its budget in recent years

87. Since the Target Operating Model was introduced in 2017, which highlighted the need to deliver £125 million of savings by 2022/23, the council has delivered a balanced budget annually with use of £15 million in General Fund reserves (£10 million in 2017/18 and £5 million in 2018/19 for a transformation fund and a balanced position for 2019/20 and 2020/21). This also involved the council reducing its overall cost base and incorporating further efficiency savings into budgets.

88. The council has a clear and well-understood approach to budget monitoring which is intended to ensure that financial outturn at the end of the year is as close to budget as possible. The approach includes the regular distribution of financial reports to budget managers and meetings between finance staff and service functions where emerging issues and proposed budget changes are discussed. Quarterly reporting of balance sheet position demonstrates advanced practice, in a local authority context. This has enabled the council to make in-year decisions on non-essential spend at an appropriate time in the year to ensure a balanced outturn position.

89. Digital transformation has underpinned many of the savings and efficiencies delivered so far. The council has converted services to be more digitally based and made better use of data to anticipate and manage change. This has allowed significant changes and savings to be made, within the wider context of focusing on customer and staff experience set out in its digital strategy (Case study 1, page 18).

90. In March 2021, the council approved a detailed balanced revenue budget for 2021/22 of £567.9million (£469.1 million General Fund and £98.8 million for the HRA). This budget included a decision to go ahead with additional service redesign which underpins the medium-term financial budgets to 2025/26. The service redesign is expected to provide recurring cost savings and increased income of £26 million per year, building on the savings already achieved and addressing expected future budget gaps (Exhibit 12, page 40).

91. In response to Covid-19, the council produced a **Financial Resilience Recovery Plan** (*i*) in June 2020. This identified the council could face a budget deficit of £32 million in 2020/21. The Urgent Business Committee's approval of the plan demonstrates a sound planning and budget setting process and an ability to respond to unforeseen risks arising. Within this process, the council revised its budget and reduced or delayed non-essential investment. All decisions made were clearly aligned with the council's service delivery plans and long-term strategies.

92. The council also put in place a range of measures intended to ensure ongoing scrutiny of its financial management. This included a Covid-19 control environment risk assessment and gap analysis, and Covid-19 specific risk registers to help manage and minimise specific risks in the short term. As at

**The Financial Resilience Recovery Plan** included information on lost income, additional costs (including approved savings that were at risk of not being achieved) and expected grant funding related to Covid-19. It set out a range of scenarios and planned actions to enable the council to close the emerging deficit.

It also included information on the expected impact in relation to the HRA, ALEOs and the Common Good Fund.

Exhibit 12

Aberdeen City Council is on track to deliver £125 million of savings and increased income by 2022/23

The council is currently on track to deliver its target for the initial five-year transformation period and has begun identifying opportunities to redesign services over the next five years.
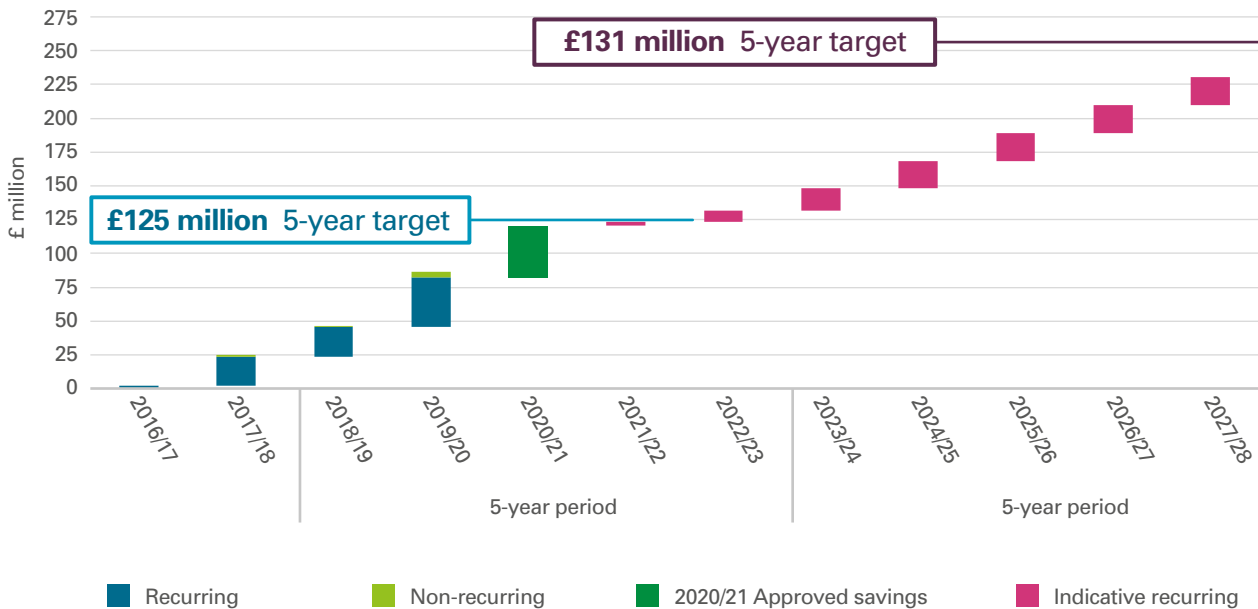
Notes:
1. Savings since the approval of the TOM influenced budgets from 2018/19 onwards but are shown as recurring/non-recurring for consistency across years. The recurring element includes Council Tax increases.
2. The above forecasts for 2023/24 onwards include only initially identified recurring savings and take no account of possible changes to council tax or other fees and charges income. £68 million of the £131 million five-year target is currently forecast to be delivered via recurring savings by 2025/26. Savings and income throughout the 2023/24–2027/28 transformation programme period will continue to be identified to reach the £26 million recurring annual target.

Source: Aberdeen City Council financial reports and forecasts

the end of December 2020, the council was projecting a deficit of £1.2 million for 2020/21. This reflected receipt of additional income from the Scottish Government and tight control on non-essential spend, demonstrating that the council has taken appropriate action to minimise the financial impact of Covid-19.

93. While the council has set a balanced budget for 2021/22, it will continue to face financial challenges in the future. The Medium-Term Financial Strategy indicates that, even after taking the decisions to implement the agreed service redesign, there will still be an accumulated funding shortfall of £55 million by 2025/26. This shortfall means that further work will be needed to identify service redesign opportunities to reduce costs and increase income where possible over the next two to five years.

The council has a robust approach to preparing its financial statements but should give more consideration to complex accounting matters
94. The statutory deadline for councils' approval of their financial statements is 30 September each year (extended for the 2019/20 accounts to November 2020 due to the impact of Covid-19). In 2017/18, the council introduced an accelerated accounts completion timetable so that the audited accounts can be approved by 30 June each year. The Urgent Business Committee approved the 2019/20

accounts on 30 June 2020, some five months ahead of the statutory deadline, reflecting the significant focus and resources which the council directs to this activity. The financial statements include several complex arrangements and judgements, but the accelerated timetable enables finance officers to resume focus on the current financial year management and monitoring activity.

95. To facilitate the early approval of the financial statements, the annual timetable is to prepare draft accounts, including those for subsidiary and associated entities, for audit by early May 2020. The 2019/20 draft financial statements were presented for audit on 6 May. As a whole, the draft was substantially complete, although auditors noted some continued scope for improvement in the robustness of management judgements in the consideration of complex capital accounting transactions. This is due to the council using an array of financing, including bonds, and to it entering into more complex and ambitious projects than comparable organisations (Case study 2, page 42).

Financial management:

We consider that the approach to financial management, including budget setting and monitoring, is appropriate with clear supporting governance arrangements. The council demonstrates advanced practice, in a local authority context, through quarterly financial reporting. The controls tested for the purposes of forming an opinion on the annual accounts were found to be effective. The council has adequate arrangements in place, designed to reduce fraud and corruption in procurement. The identified areas to improve will further improve these arrangements.

Source: Aberdeen City Council Annual Audit Report 2019/20, KPMG

The council has undertaken an ambitious programme of capital investment in recent years, partly financed through a bond issue
96. Between 2016/17 and 2019/20, the council invested over £660 million in property, plant and equipment. In recent years the council has successfully managed its capital programme to deliver projects on time and on budget. Significant investments in Marischal Square, The Event Complex Aberdeen, and the Art Gallery are notable for both their size and the council's innovative approach to capital projects overall. Due to Covid-19, it is likely that the council's capital expenditure will be around £103 million in 2020/21, compared to a budget of £195 million. Budget re-profiling and assessment of any additional costs due to Covid-19 delays are being reported and adjusted in the capital programme agreed for 2021/22 and beyond.

97. As at 31 March 2020, the council had £1.2 billion of external debt directly related to the capital investment programme, including £450 million linked to the issued bonds. The credit rating agency Moody's carries out an annual review of the council's credit rating. In 2019/20, the annual review affirmed the council's Aa3 rating, with the economic outlook reduced to 'negative' from 'stable' in line with the recent change to the UK's rating.

The council is developing a corporate landlord approach to managing its assets
98. The council approved an asset review business case, covering operational assets, commercial estate, and community and social assets, in July 2018. The key objectives of the business case were to consolidate and strengthen a

corporate approach to asset management, while reducing the scale and diversity of the estate to focus on assets that add value. Housing stock and ALEO assets were excluded from this review. The council is now establishing a corporate landlord model of estate management, aimed at consolidating all property costs and budgets, including housing and ALEOs, into one area to ensure a corporate approach and alignment with the TOM.

Case study 2

The council's approach to capital project management

The council undertakes more ambitious and multi-faceted investments within the City of Aberdeen than is typical in a local authority context. These investments include a combination of commercial space, event space, hotel accommodation, investment property and supporting infrastructure, including road access, energy and waste provisions.

Decisions on aspects of each project, such as design, construction and method of operation (ie, in-house or with partners) are taken in an iterative way in order to drive value for money. This has often led to the council working with multiple third parties to deliver and operate major projects. Accordingly, the legal agreements surrounding the development and operation of the facilities are particularly complex but are well developed to mitigate risk to the council (including minimising financial risk) while incentivising partners to maximise mutually shared benefits.

Marischal Square: The council have successfully delivered the Marischal Square development which was constructed in partnership with Muse and Aviva completed in November 2017. On completion the council entered into a 35-year head lease and arrangement for the sub-letting of office space. The development also includes a hotel, which is operated under a management agreement. The associated legal agreements incentivise partners to sub-let space quickly and for market rates.

The Event Centre Aberdeen (TECA): The council has successfully constructed the Event Centre Aberdeen known as P+J Live and associated hotel, energy and waste facilities. This project was conceived around ten years ago and the council have demonstrated seeking value for money through procurement and tendering while market testing different operating models.

The council has entered into an agreement with ASM Global to manage and operate the event space, with the agreement minimising the operational risks to the council. In addition, the council decided that constructing two hotel spaces would enhance the attractiveness of the site and have entered into separate management arrangements with two hotel chains.

During the planning phase the council has thought about maximising the benefits of the site and have included an energy centre which will be used to generate the power for the whole site. The management agreements for the event centre and both hotels include clauses that the energy centre provides their electricity.

Throughout the projects from conception, through design, procurement, construction and becoming operational the council demonstrates the principals of good governance, project management, a focus on Best Value and being outcome focused. Given their complexity, this is a significant achievement. The council's approach to capital project management is well developed, embedded and is adhered to through the procurement and construction phase. Capital monitoring is robust and includes appropriate governance arrangements.

Due to the Covid-19 pandemic and the facilities on the TECA site not being fully operational during 2020/21 the council have yet to carry out the post implementation review of the project, to understand any lessons learnt, we recommend that this be carried out as soon as possible.

Source: KPMG

The council's shared procurement service has generated significant savings, but its use of local suppliers has been decreasing

99. The council shares its procurement service with Aberdeenshire Council and The Highland Council. Through the shared service, the council has achieved savings of around £20 million since 2017/18. Aberdeen City Council continues to be assessed as one of the best-performing procurement services in Scotland, securing a greater percentage of community benefit from regulated procurements than other similar councils. In 2019/20, 25 out of 30 (83.3 per cent) regulated contracts that were awarded imposed community benefit requirements. Benchmarking data shows that the council commits a lower percentage of procurement spend on SMEs than most other similar councils and that spend with local suppliers has been volatile but increased significantly in 2019/20 (paragraph 68).

The council's workforce strategy sets out expectations on how staff will deliver its vision, priorities and values.

100. The council's approach to workforce planning includes having a multi-year workforce strategy focused on capacity, capability and culture (rather than setting an overall establishment figure). This is intended to ensure that staff allocation and development is embedded in its commissioning approach and supports the delivery of its strategic aims. The strategy links to the LOIP and to council outcomes, ensuring that there is a focus on how the workforce and individuals are contributing to these. As part of the annual planning and budgeting cycle, detailed workforce planning is then undertaken.

101. Preparing the council's annual workforce budget includes ensuring that staff levels match service demand, with staff moved or recruited to fill gaps in demand; and that staff are cross-skilled, such that they are able to work in a number of service areas. Service areas are challenged to assess the scope for service re-designs and their impact on workforce numbers. Redesign proposals are often multi-year but going through the process annually ensures alignment of service requirements and staffing levels. Once consultation with staff and trade unions is complete, the workforce budget is factored into the council's medium-term financial planning.

102. There has been a significant reduction in staffing numbers as part of the council's ongoing transformation, from 7,131 full-time equivalent staff (FTEs) in 2017/18 to 6,760 FTEs in 2019/20. Employee's sickness absence rates have been improving in recent years, despite overall staffing reductions, and were below the Scottish average for both teaching and non-teaching staff in 2019/20.

103. In common with other councils, Aberdeen City Council has a policy of no compulsory redundancies. Voluntary redundancies, in ongoing consultations with trade unions, are agreed on the basis of whether there is no longer a business need for a post, rather than on the individual involved. Since 2017/18, when the TOM was approved, over 1,500 staff have applied for voluntary redundancy, with the council approving 529 exit packages at a cost of £23.6 million (primarily funded through capital receipts).

The council has consulted with staff throughout its transformation programme and recently completed an extensive staff survey

104. The council consulted with staff in in developing the Guiding Principles and Behaviours and the capability framework which are set out within its workforce strategy (paragraph 20). In 2019, staff annual appraisals were redesigned to align them with identified capabilities and to allow better discussion of individuals' contributions to council service outcomes.

105. As the council continues to redesign how it delivers services, including its continued focus on digitalisation, a range of specific initiatives have been put in place to support staff. These include:

- **Re.Cr.uit scheme:** to manage internal recruitment and staff movement. The council has developed a central application process and committed to providing transitional support for staff who make an internal move, including a specified induction period and structured development plans.

- **Cluster specific workforce development pipelines:** working with chief officers on tailored talent pipelines to support future service delivery. This includes an increased use of apprenticeships and funded qualifications and supporting the development of staff to transition into specific areas, for example teaching, early years and social work. Management development schemes have also been developed to increase leadership capacity beneath chief officer level.

- **Leadership forum:** upgraded and expanded to include those with responsibility at a lower level, or those with aspirations for leadership. This inclusive approach has led to an expansion from 120 members to 500 members and growing. The group is regularly consulted on organisational priorities and developments.

- **The Mental Health Action Plan:** setting out how the council can improve support for staff's mental wellbeing. The Staff Governance Committee approved the original plan in January 2019 and the updated plan in February 2020. A further update was provided to the committee in September 2020, reflecting the importance of staff wellbeing during a period of altered working practices and external challenges.

106. The Staff Governance Committee was established in May 2018, incorporating the roles of the former Joint Consultative Committee and Corporate Health and Safety Committee into a single body. It acts as a forum for communication and consultation on matters relating to staff not considered elsewhere. It includes trade union representatives as advisers alongside councillor members to enable joint working and strengthen staff representation. The committee is supplemented by other formal and informal consultation with staff, including weekly meetings between members of the CMT and union representatives. Alongside the ongoing commitment to no compulsory redundancies, constructive dialogue with trade unions has been crucial to improving staff relationships during a period of significant transformation, including workforce reductions.

107. In 2016, the council carried out a full staff survey, with the findings used to inform ongoing engagement since then. The recently completed 'Future of Work' survey asked staff for their views on a range of issues, including how the council had responded to Covid-19 and a shift to remote working arrangements, and received over 1,800 responses. The survey results suggest the council has been broadly successful in embedding the cultural changes associated with its transformation programme, including positive results relating to aspect of leadership and communication. Alongside the recently approved transformation plan, the results will be used to inform the council's next three-year workforce strategy (due for approval in 2022).

Part 4

Is the council working well with its partners?
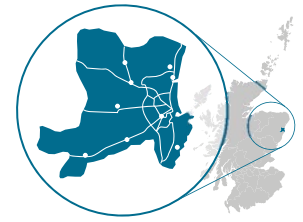
There is evidence of good working relationships, strategic alignment and partnership working across the CPP, and between the council and other partners. This meant Aberdeen was well placed to respond to challenges related to the ongoing global pandemic.

Communities are being consulted as part of the LOIP refresh and community empowerment initiatives, including community leasing of council assets and participatory budgeting, are making progress.

The council has established close working relationships with a range of partners

108. The council works with many partners including NHS Grampian, Police Scotland, universities and colleges within the region, businesses, third-sector organisations and neighbouring councils, across a wide range of partnerships and forums. These include, among others, the Community Planning Partnership (known as Community Planning Aberdeen/CPA), the Health and Social Care Partnership, the City Region Deal Joint Committee and a range of private sector organisations.

109. The CPP's vision was agreed as part of the development of the LOIP first published in August 2016. The LOIP was refreshed in 2019 following a six-month development period, although its vision remains the same. The close alignment between the CPP's aims and vision and those of the council has helped facilitate joint working with public sector partners. Similarly, the cognisance given to wider regional strategies within the region's public sector planning framework, for example the Regional Economic Strategy and the LOIP's priorities related to the economy, has allowed meaningful engagement with the private sector. Partnership working is seen as central to delivering the council's commitments and priorities, with senior councillors active on, and often chairing, partnership boards.

110. Following the downturn in the oil and gas sector in 2014, the council developed a Regional Economic Strategy with Aberdeenshire Council and **Opportunity North East (ONE)** *(i)*, a private sector-led economic development company. The council is represented on ONE's board by one of its Co-Leaders, and it is working in close partnership with industry across sectors on a range of projects and initiatives to diversify the local economy.

Opportunity North East (ONE) aims to provide leadership and support to public and private sector partners across five key sectors: Digital and Entrepreneurship, Energy, Food, drink and agriculture, Life sciences and Tourism

111. The strategy sets out a 20-year vision for the region to 2035 and aims to reduce the North East's reliance on oil and gas production in the North Sea. The Regional Economic Strategy Group includes key strategic partners such as Scottish Enterprise and the Chamber of Commerce and is responsible for monitoring the Regional Economic Strategy Action Plan. A significant element of the strategy is delivering the Aberdeen City Region Deal and developing further opportunities to support growth in the local economy.

The council is working with neighbouring authorities to progress the Aberdeen City Region Deal and shared services

112. Aberdeen City Council, Aberdeenshire Council, ONE and the UK and Scottish Governments signed the Aberdeen City Region Deal in December 2016. In total, the deal will invest £826 million in the North East over the ten-year period to 2026. ONE was heavily involved in the development of the deal and, unlike similar deals, most of the funding comes from regional partners, including the private sector and Scottish Enterprise, rather than directly from local and national government. The council's contribution is approximately £10 million.

113. Chaired by one of the Co-Leaders from Aberdeen City Council and the Leader of Aberdeenshire Council on an annual rotation, the City Deal Joint Committee has nine members drawn from both councils and ONE and is responsible for delivering the deal. It receives quarterly updates on the progress of individual projects from officer-led boards, responsible for day-to-day programme and project delivery. ONE is the lead partner for the technology and innovation hubs. Status reports provide a high-level account of the progress achieved against time, budget and resource using a RAG (red-amber-green) system. The Joint Committee produces an annual performance report which provides a commentary on each of the projects included in the deal.

114. The council continues to develop its approach to partnership working, including specific joint initiatives with other public sector bodies outside the council area. This includes the joint procurement service it shares with neighbouring authorities (overseen by a Strategic Procurement Board that includes the chief executive), the private sector and partners from across the CPP (paragraph 99).

Community Planning Aberdeen's governance arrangements provide clear accountability, with the council playing a key role in the partnership

115. The CPP is central to the work of the individual partners across the Aberdeen City Council area. Each partner is represented at a senior level on the CPA board, with a number of senior councillors including one of the Co-Leaders (as Chair) representing the council. The success of embedding the CPP's vision, as expressed in the LOIP, into individual partners' plans has allowed the Board to provide effective leadership and set a clear direction for partners' activities. The identification of priority themes, and lead partners for activity within these, provides a clear line of accountability for delivery. Similarly, the comprehensive nature of the supporting outcomes and performance indicators within the Aberdeen Outcomes Framework allows for oversight and scrutiny of the partnership's activities. The board has continued to meet throughout 2020 and 2021.

116. The board is supported by the CPA Management Group, led by the council's chief executive, who oversee the work of seven thematic Outcome Improvement Groups (OIGs). The OIGs work with the three individual Locality Empowerment Groups (LEGS) to support the development and delivery of integrated Locality Plans, tailoring the work of the CPP to local priorities, and more targeted Priority Neighbourhood Partnerships (PNPs) (Exhibit 13, page 48). Stakeholders from across the partnership, including civic and third sector representatives, told us that much of the momentum built up by the CPP has been council driven, with the alignment of the council's Delivery Plan and KPIs enabling the council to effectively coordinate partnership activity.

117. The LOIP 2016-2026 refresh in 2019 was informed by an updated Population Needs Assessment. Now reaching the mid-point of the LOIP, it is again being refreshed and new Locality Plans are currently being developed in support of this. The council's Data and Insights team have again updated and produced a revised Population Needs assessment for 2021 as the evidence base to inform priorities. Throughout the development stages of the refreshed LOIP there has been clear consultation with the CPA Management group, OIGs, LEGS and the PNPs. Citizens and other stakeholders have been directly consulted in a number of sessions and using various online consultation tools.

118. Following a review of locality planning, the CPA and IJB boards agreed to integrate and align their two locality planning approaches and agree a single approach with three localities (North, South and Central). It is hoped that a number of significant benefits for communities, partners and staff will arise from this more integrated approach. The CPA Board is due to consider the refreshed LOIP and Locality Plans in July 2021 and they are scheduled to be brought to the council's Strategic Commissioning Committee in October 2021 for endorsement. This provides an opportunity to reassess the focus, and overall number, of improvement projects across the CPP and council.

Progress across outcomes is mixed but activity is focused on the longer-term ambitions within the LOIP
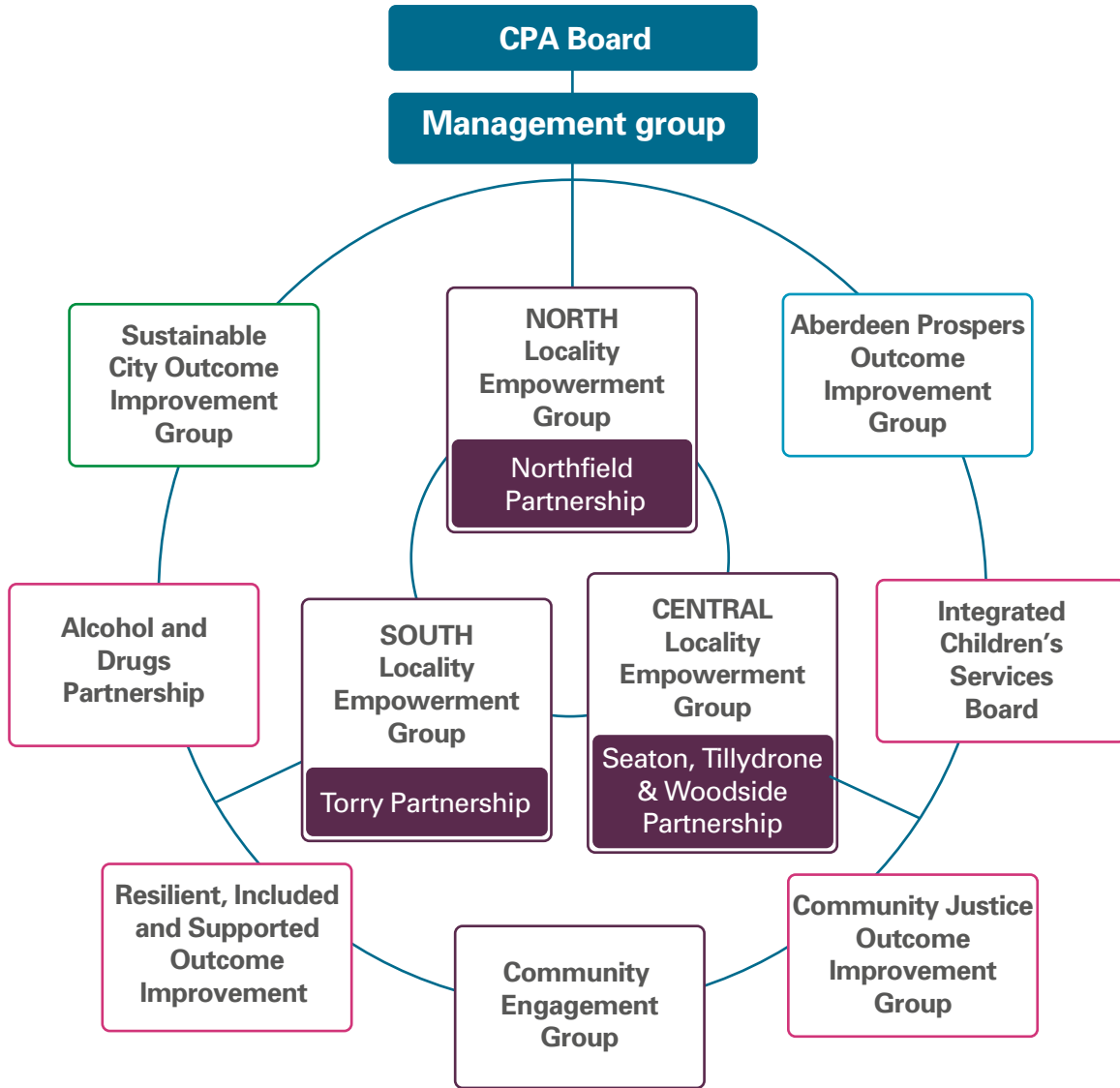
119. The Improvement Service's Community Planning Outcomes Profile (CPOP) is a collection of 18 measures to help assess whether residents' lives are improving. Aberdeen City Council's performance against CPOP indicators was largely positive, with the CPP demonstrating improvement against 13 of the 18 measures between 2014/15 and 2018/19 (the latest available CPOP data). Performance declined against the other five. Areas of improvement included reductions in the crime rate and carbon emissions, fewer people living in fuel poverty and a fall in the number of dwelling fires. Positive trends were mainly in line with national data. Performance against child poverty and business survival rates declined over the period and at a greater rate than the national trends.

120. Broader measurement of the CPP's progress is carried out through the Aberdeen Outcomes Framework. This is aligned to their vision and priorities and includes a number of ambitious longer-term measures spanning the lifetime of the LOIP. There is a clear alignment between those local outcomes and the CPOP measures.

Exhibit 13
The Community Planning Partnership's governance arrangements
The CCP's activity is aimed at supporting the delivery of the Locality Improvement Plans for three priority neighbourhoods.

Source: Community Planning Aberdeen

The CPP has strengthened and encouraged shared service delivery across its members, supported by increased use of digital data sharing to coordinate services

121. The council, working with Police Scotland and neighbouring authorities, has made significant progress in the integration of child services within the CPP area and wider region. Police staff are now located in council offices, creating a single point of contact for the public and contributing to cross-organisational working.

122. There is also a joint Child Protection Register for all three North East Child Protection Committees, held and administered by Aberdeen City Council, and jointly funded by Aberdeen City, Aberdeenshire, Moray Councils, NHS Grampian and Police Scotland. The council and Police Scotland jointly administer and deliver the training of police and social workers in Joint Investigative Interview skills (Case study 3).

Case study 3

Aberdeen City Council and Police Scotland's Joint Child Protection Team

The Joint Child Protection Team made up of Children's Social Work and Police Scotland staff is an example of integrated working across council services and partner organisations. In certain circumstances, partners jointly consider child protection referrals and, where appropriate, conduct joint child protection interviews (so the child just speaks once about their circumstances rather than to the Police and then again to Social Work). The council also has an Inter-Agency Referral Discussion (IRD) procedure whereby child protection concerns are considered, within one hour of being raised, by professionals in Police, Children's Social Work, Education and Health and actioned as appropriate. Learning and Development around child protection is delivered on a multi-agency basis which ensures that the same training and messaging is delivered across the Partnership. The hubs for the most vulnerable children which emerged in the coronavirus pandemic are being continued, again on a cross-agency basis, as Family Wellbeing Hubs which support learning, mental health, wellbeing and the early intervention of services (and thus aim to prevent the potential need for escalation of support services).

Source: Aberdeen City Council

123. The council works with CPP partners through the Multi-Agency Transformation Management Group and its sub-groups, established in January 2020, to identify transformation programmes to support the delivery of LOIP outcomes. Made up of senior leaders, including the council chief executive, it focuses on how collaboration and integration of services and assets can lead to efficiencies and improved outcomes. It has a clear focus on the use of digital technology and data sharing. Part of this work has been to identify how data and information can be better shared to identify demand pressures and target service interventions. Members have agreed a number of data-sharing principles on which to build improved multi-agency arrangements, including bringing together data sets from a range of different sources, and agreeing data sharing processes.

124. The progress made in integrating data, and use of digital technologies, has capitalised on the council's own progress against their digital strategy (Case study 1, page 18) and meant that the partnership was well placed to continue joint working while working remotely. The CPP has been able to continue with its planned LOIP refresh and, in the interim, produce the short-term Social Economic Rescue Plan to respond to the immediate impact of Covid-19. The work of the Multi-Agency Transformation Management Group has supported this by enabling effective data sharing between organisations.

The partnership has well-developed mechanisms for consulting with its communities

125. The CPP produced its Engagement, Participation and Empowerment Strategy in 2016, which the council also approved. The strategy has allowed the CPP and council to adopt a consistent participation approach to inform locality improvement plans. A range of consultation approaches are used, including online platforms like Citizens Space (an online portal for consultations), City Voice (the citizens panel) and more traditional methods, such as local community group meetings, formal workshops and public consultation events. Officers and third sector partners told us community engagement has improved over recent years and that the council acknowledges different groups have different engagement needs (Case study 4).

Case study 4

Northfield: Involving the community in redesigning the senior phase for local pupils

Northfield is a priority neighbourhood within Aberdeen's North Locality and has a range of community facilities including Northfield Academy, a community centre, an outdoor sports centre and other sports pitches and parks. The Northfield Partnership Group Board (NTPLP) has overall responsibility for coordinating improvement initiatives. Membership of the NTPLP includes representatives from the community (four), community centre representatives (two) and one community project representative.

The 2017-27 Locality Plan for the area identifies lower educational attainment as an issue for attention. Improvement outcomes include an increase the number of school leavers going on to further education, training or employment.

The CPP's development of a Senior Phase to maximise opportunities for young people aims to create a needs-led model for curricular planning, with the aspirations and needs of children and young people at its centre. Working with community partners is seen as key to realising this ambition. The CPP identified Northfield as a suitable pilot neighbourhood for the curricular redesign given the current attainment levels and destinations of Northfield Academy pupils once they had left school. It was felt the young people needed a different approach to the traditional offer and the Academy was ready to transform the curriculum to better meet the needs of the community. The project will work with the community to identify and design a more appropriate senior phase curriculum.

The Multi-Agency Transformation Management Group is intended to provide strategic leadership to the project. Close collaboration with other agencies is recognised as key and they have committed to providing strategic leadership through a project board which will include membership from a range of key partners (including community representatives). The Integrated Children's Services Attainment and Transitions Improvement Group will provide operational leadership and work with identified pilot communities in Northfield to establish a Local Operational Board whose membership will include local representation from the community, parents and carers, staff from the school, third sector partners and children's social work and health representatives. Governance arrangements will include updated terms of reference for both strategic and operational levels.

The success of the pilot will be measured against specified KPIs, following the local interrogation of the 2020 population needs assessment and analysis of local labour market information.

Source: Audit Scotland

126. Aberdeen's citizen' panel, City Voice, is regularly contacted for its views on specific initiatives, including the refresh of the LOIP and the review of the Local Development Plan (LDP). In 2018, the Place Standard framework was used with members of City Voice and the council's planning team to gather views on 'How good is our place' to inform the development of the Local Development Plan. This led to the council increasing its focus on sustainable development at a community level. It also identified that young people, who would be most impacted by the plan, found the planning documents challenging to understand. As a result of the consultation, the council included the **UN Sustainable Development Goals** *(i)* as an indicator to measure progress over time and committed to producing a 'child friendly' version of the LDP explaining the expected outcomes (paragraph 27).

Aspects of community empowerment, including community leasing of council assets and participatory budgeting, are well established

127. The council has a well-developed participatory budgeting approach called U-decide. In November 2018, the council committed to allocating one per cent of revenue funding through its participatory budgeting approach by 2021. Since 2016, participatory budgeting has resulted in the council disbursing £7.1 million from general revenue, Housing Revenue Account funding and capital budgets to support local communities.

128. The Community Empowerment Act 2015 makes it easier for communities to take ownership of land and buildings, in a process known as asset transfer. In 2019/20, the council reviewed the provision and management arrangements of its 16 learning centres and 21 leased centres, and the related community groups who typically receive around £750,000 of council funding per annum between them. As part of the review, the council asked learning centre associations their views on Community Asset transfer. Two expressed interest in taking over ownership of their centre, one requested additional information and 18 advised they did not want to consider acquiring their centre.

129. Since 2015, the council has received five applications from groups seeking to either transfer ownership of assets, or to take advantage of the council's preferred approach of leasing assets, ensuring that the groups do not take on long-term liabilities. Three of these applications were successful, one unsuccessful and one has yet to be determined. Two of the successful applications have now resulted in the asset being leased to community groups, meaning that the council continues to be responsible for maintenance and some related services. The third successful application, for a transfer of ownership, was ultimately withdrawn by the group concerned.

130. The council operates a voluntary scheme which is open to a wider breadth of community groups than required by the Act and continues to process applications. Chief officers and external partners we spoke to consider that the review and approach to community leasing was largely positive and has led to stronger relationships between the council and community groups.

The council has a wide range of arm's-length external organisations (ALEOs) it commissions services from, but Covid-19 has impacted on their financial position

131. The council operates several ALEOs to deliver services on its behalf. The contribution these make to the council's outcomes, and therefore the LOIP, form part of the council's commissioning intentions and are set out within the annual

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(i)

The council has recently applied to become Scotland's first UNICEF Child Friendly City.

Awarded in recognition of a commitment to improving the lives of children, the council conducted a survey as part of its ongoing application.

The survey aims to support the application, but also be used as a starting point for co-designing services with children and will inform future council and CPP plans and engagement.

Council Delivery Plan (paragraphs 16–17). ALEOs, as with all commissioned providers, are classified under Operations within the TOM (paragraph 19). The Strategic Commissioning Committee overseas the operation of the ALEOs, with each providing a standardised annual performance report to enable scrutiny of their activities and contribution to specified outcomes. The ALEO Assurance Hub monitors aspects of the operations of the ALEOs, focusing on risk management, financial management and governance, which is reported to the Audit, Risk and Scrutiny Committee twice yearly. In addition, an ALEO Strategic Partnership Group, which includes ALEO chief executives, and council finance, governance, and procurement officers, provides advice and support on issues such as strategic planning and resource sharing.

132. The council separates its ALEOs into tiers based on the level of control the council exerts over them and the funding they receive. Alongside the IJB and Grampian Valuation Joint Board, the **Tier 1 ALEOs** *(i)* are the major ALEOs included within the council's group accounts plus Aberdeen Performing Arts (which is provided with funding of around £1 million). These are included within the council's budget. In 2021/22, the council increased their funding by around £2.8 million, almost entirely due to the Integration Joint Board's net allocation increasing by 2.9 per cent (£2.7 million). Bon Accord Care's funding is subject to contractual negotiations regarding the services it provides to the IJB.

133. Through service transformation plans, and the Strategic Partnership Group, the council's long-term aim is for the ALEOs to become less reliant on council funding. Covid-19 has, however, severely affected the ability of ALEOs running cultural and sports venues to generate user income, with a number reliant on council income, sponsorship and government funding in both 2019/20 and 2020/21. Therefore, the council maintained its funding of ALEOs at the same level as in 2019/20.

The IJB refreshed its strategic plan in 2019 and is now reducing the number of localities

134. The Aberdeen City Integration Joint Board (IJB) refreshed its strategic plan 2019–22, delivered on its behalf by the Aberdeen Health and Social Care Partnership (AHSCP). It clearly identifies how the council, third sector and private sector providers are expected to work together, and links to the LOIP, NHS Grampian's Clinical Strategy, and the council's Local Housing Strategy.

135. Actions set out in the strategic plan are explicitly linked to the 'People' and 'Place' themes and outcomes of the LOIP (and AOF). The IJB monitors its performance against 66 indicators under five strategic aims, including specific indicators related to prevention, personalisation, and communities. An online Strategic Plan Dashboard is updated monthly to allow ongoing monitoring of performance in real time.

136. The IJB and CPP Board approved new arrangements for locality planning in December 2020 (paragraph 118). The IJB worked with the council's community planning team to develop Locality Empowerment Groups and align operational teams to the new localities. The IJB's aim is for the next strategic plan to be co-produced with communities and reflect local needs. There is an agreed timetable for the IJB to approve its next strategic plan in March 2022.

The council's Tier 1 ALEOs are:

Sport Aberdeen

Aberdeen Sports Village

Bon Accord Care (funded through the IJB)

Aberdeen Performing Arts

The IJB's performance has been mixed, but integration and the shared services agenda continue to progress

137. As well as its local outcomes, the IJB also regularly reports its performance against 19 national satisfaction and performance indicators (in its annual reports):

- Consistent with national trends, performance has been declining in most of the nine satisfaction indicators. Between 2013/14 and 2017/18 (the most up to date available), Aberdeen improved in one and maintained performance in two but saw declining performance in six indicators. Aberdeen has performed better than the national average in seven of the nine indicators.

- Performance against the ten indicators that are used to demonstrate the shift in the balance of care has been mixed. The most recent report shows that, between 2016/17 and 2019/20, the IJB improved its performance in four, and maintained performance against two, but saw declining performance against four indicators. Performance, however, was above the Scottish average in six of the ten indicators.

138. Despite the challenges faced by the IJB, there is a clear strategic direction and a commitment from council to continue to develop the range of services delivered while moving to resource transfers and pooled budgeting. Councillors and senior NHS partners expressed the opinion that integration of services within the Aberdeen City area is more developed than elsewhere. This is supported by results from the 2019 self-evaluation of progress with integration the AHSCP undertook at the request of the Ministerial Strategic Group. Of the 25 self-assessed criteria, ten were classed as exemplary, nine as established and three as part established. None were assessed as 'yet to be established', while responsibility for three did not lie with the AHSCP. An appropriate action plan, now largely completed, was put in place to address areas requiring development.

139. Several shared services involving both council and NHS staff are now in place, including mental health and learning disability services, sexual health services and, most recently, the establishment of the frail elderly pathway. The pathway is moving service delivery from the current medical model to one based on care being delivered at home or in community settings. It is one of the first resource transfer initiatives undertaken by the council and NHS Grampian on behalf of the IJB. ACHSCP has already been successful in moving care into community-based settings by facilitating early supported discharges and care at home services.

140. On 23 March 2021, the council and ACHSCP published phase one of its Care for People Covid-19 Response Plan. The plan included four workstreams; identify, assess, connect and deliver, as well as the actions required to support those most in need during the pandemic.

141. Partnership working between the council and AH&SCP has been strengthened and expanded through the work of Aberdeen Together. Aberdeen Together is the name of a group which was formed in March 2020 to help ensure a coordinated response to the Covid-19 pandemic in the care for individuals, families, friends and communities across Aberdeen. It has been agreed that the group has a remit beyond the initial response to the pandemic to progress shared priorities for longer-term transformation. The Aberdeen Together Plan aims to achieve a more integrated approach between council and ACHSCP across four transformation workstreams.

Despite the pressures related to Covid-19, the financial position of the IJB has improved

142. The IJB had already identified the need to transform how services are delivered prior to Covid-19, because of demographic changes, increasing needs, and funding constraints and cost pressures faced by the two partners. Each partner has their own internal transformation programme aiming to deliver annual savings and, as funding from partners is the IJB's sole source of recurring funding, these savings targets are naturally reflected within the IJB budget.

143. The IJB has its own ongoing transformation programme, which was updated in line with the Strategic Plan in 2019. This is reflected within its five-year medium-term financial strategy, which is revised annually. Wider efficiency savings have been identified as part of the plan, acknowledging that transformational savings will take longer to realise. These measures include service redesign, medicines management and reviewing service and pricing policies.

144. The annual revision of its five-year medium-term financial framework helps the IJB plan for future pressures. However, the IJB did not achieve its 2019/20 savings target, requiring use of its reserves. The IJB expects that additional Scottish Government funding allocations in 2020/21, allocated for Covid-19 related cost and service pressures, will likely allow it to replenish its reserve levels. But the 2021/22 iteration of the medium-term financial framework identifies that further savings will be required to meet a budget shortfall of £60 million over a seven-year period. Unless these savings are found, the IJB faces challenges to remain financially sustainable in the longer term.

Part 5

Is the council demonstrating continuous improvement?

The council needs to sustain the positive progress it has made, but also increase the pace of improvement across its core services. The council recognises this and has a clear understanding of its priorities.

There is a strategic approach to continuous improvement and a large volume of improvement activity taking place, across both the council and the CPP.

Through its transformation programme, the council continues to develop its digital approach and consult with residents as it redesigns services.

The council has undergone a period of significant transformation since its last Best Value report, addressing previous findings as part of this

145. The council has undergone significant changes since the last Best Value report in 2015, through the adoption of the TOM and digital strategy as part of its wider transformation programme. The council has addressed key findings around vision and strategic direction, and performance management and scrutiny over the last six years. It has implemented organisational and cultural changes, and undergone significant staff reductions, but has also continued to demonstrate sound financial management while realising ambitious savings targets (Exhibit 14, page 56).

The council has shown a commitment to continuous improvement and self-evaluation

146. The council uses a range of tools to monitor performance and identify areas for improvement, primarily at service level. These include LGBF analysis, service reviews and a move towards the use of real time monitoring of data. The council undertakes service improvement activity mainly in response to underperformance, or through savings or transformation initiatives identified as part of its annual commissioning and budgeting cycle. Since its last Best Value report, and alongside the transformation programme, the council has identified a wide range of improvement projects (paragraphs 62 and 63).

147. The council uses self-assessment effectively to inform its plans and this is now well embedded within the annual planning cycle. The council internally, and as members of the CPP, has adopted the Scottish Government and Institute of

Exhibit 14
Comparison of Best Value judgements
A comparison of Controller of Audit judgements from 2015 and 2021.

Controller of Audit judgements 2015	Controller of Audit judgements 2021
Leadership and working relationships	
The council leader and chief executive work effectively together and have encouraged improved cross-party working and relationships. However, relationships between elected members can be challenging at times. The council should consider introducing further guidance for elected members and officers.	The chief executive and CMT have provided clear leadership to the council and CPP during a period of significant transformation. The administration has worked closely with officers to deliver this transformation, providing direction, support and oversight. The political composition of the council has led to tensions between the administration and opposition, limiting effective cross party working, but elected members feel well supported and the council has introduced a Member Officer Relations Protocol.
Vision and strategic direction	
The council has an agreed vision, but it is not supported by a clear set of objectives and targets. The council needs to update its corporate planning framework to reflect shifts in corporate priorities and objectives. The council has a strong focus on developing infrastructure for the city. The chief executive is developing a corporate programme focused on improving customer experience, staff experience and use of its resources.	The council has demonstrated that it has fully embedded the LOIP vision into its strategic planning framework, successfully progressed how it works with partners, including integrating shared service delivery, and focused on digitalisation as a means of transforming how it delivers services. A significant transformation programme has resulted in changes to both organisational and governance structures. The introduction of the TOM has resulted in the council moving away from traditional service-based directorates to a corporate structure based on capabilities.
Performance management and scrutiny	
The council has more to do to create a culture of effective performance management and improvement. It has areas of good practice that it can build on. It needs to put in place more consistent performance reporting for all services and implement its proposals for governing arm's-length external organisations (ALEOs).	The introduction of the council's new Performance Management Framework in 2019 provides a more structured approach to performance reporting. Progress in use of real time data and monitoring performance against the Aberdeen Outcomes Framework (AOF) means the council is well placed to monitor its performance, and changes in demand, but needs to report overall progress more clearly against its priorities. The ALEO Assurance Hub monitors aspects of the operation of the ALEOs, focussing on risk management, financial management and governance, which is reported to the Audit, Risk and Scrutiny Committee twice yearly.

Cont.

Controller of Audit judgements 2015	Controller of Audit judgements 2021
Financial management and organisational improvement	
The council has established a record of sound financial planning and management. This is a good foundation for delivering its next five-year business plan. It must manage its priorities carefully to ensure it is able to deliver these against a backdrop of continuing change and workforce pressures.	The council has a robust approach to budgeting which is linked to the delivery of strategic priorities and well-established controls over financial management and monitoring. The council's workforce strategy links to the LOIP, and to council outcomes, ensuring there is a focus on how the workforce and individuals are contributing to these.

Source: Audit Scotland

Health Improvement (IHI) Model for Improvement. The CMT and senior staff oversee improvement projects through the Performance Management Board (paragraph 35) and elected members receive reports on progress as part of wider committee reporting arrangements.

148. The council is also committed to carrying out post project reviews to learn lessons and inform future activity. Despite the success of managing its overall capital programme, and large complex projects within it (Case study 2, page 42), there is a need to ensure such reviews are consistently carried out. Covid-19 has delayed the beginning, completion and opening of some recent developments but formal post project reviews should be timeously carried out for all major projects.

149. As well as internally focused self-assessment, the council demonstrates an openness to using external benchmarking data and a willingness to undergo external scrutiny. This has involved traditional public sector comparators, for example LGBF, APSE and CIPFA benchmarking and accreditation, but also a willingness to look for international and private sector organisations to benchmark against.

The council recognises that future improvement activity may need to focus on mitigating the impacts of Covid-19

150. The development of the extensive set of indicators in the Aberdeen Outcomes Framework and Council Delivery Plan has enabled greater scrutiny of service indicators by elected members and the public. There is evidence of recent progress in some service areas, for example across some internal corporate service indicators and waste and recycling services, as well as progress against a range of economic indicators. Despite this, historic performance issues persist across a range of services (Part 2).

151. The council has innovative ideas, and there is a large volume of improvement activity taking place, but much of this has still to lead to consistent improvements in performance. The LOIP set out an ambitious vision for the area but some priorities and outcomes, for example its aspirations to tackle poverty and inequality, will now prove even more challenging because of Covid-19 and its impact on people and the economy. The council recognises its pace of

improvement needs to accelerate if some priorities are to be delivered. To respond to ongoing challenges, the council's improvement activity needs to become more focused, and clearly targeted to mitigate the short-term impacts that will adversely impact the CPP's longer-term vision for the area.

The council has committed to a further period of transformation, building on the principles and capabilities of the TOM, to meet future financial challenges

152. In March 2021, to support the 2021/22 budget documents and revised Medium-Term Financial Strategy (MTFS), the council prepared the blueprint for the next phase of their ongoing transformation programme. The council forecasts significant funding gaps over the next five to seven-year period, even after service redesign proposals that are expected to lead to £26 million of annual recurring savings (paragraphs 90–93).

153. The next phase of the transformation programme sets out its objectives and how the council intends to deliver them. It aims to support the broader service redesign, with digital as an enabler, that will be required to deliver the final set of savings under the original five year plan (2022/23), and to identify the savings required for the next five years from 2023/24 to 2027/28 as set out in the MTFS. The revised objectives are:

- to embed changes introduced throughout the Covid-19 pandemic, within the council and how it works with partners (including through the Multi-Agency Transformation Management Group)

- to further embed the design principles and organisational capabilities into the council's operating model

- to continue to reshape the organisational culture

- to deliver a refreshed digital strategy, reflecting the anticipated technologies available across the next seven years

- to deliver the required financial benefits outlined in the MTFS of £131 million by 2027/28.

The council is continuing to engage with communities as it enters a further period of transformation

154. As well as the stakeholder consultation undertaken as part, and on behalf, of the CPP, the council has consistently looked to involve residents in shaping council services, including within service areas where improvement action has been identified. For example, the council has identified areas for improvement in housing but are addressing it and tackling homelessness (paragraphs 77–78). In addition to launching the Aberdeen Citywide Youth Housing Network in September 2020 to hear the views of young people, the council is reviewing its Tenants and Resident Participation Strategy 2018–21. This has received several external awards for its approach and the review plans to take a locality approach, linking with both locality networks and maintaining a citywide approach.

155. As the council continues its ongoing transformation programme, and move to digital service delivery, it is continuing to consult with a wide range of stakeholders. The council has engaged with communities as part of the ongoing LOIP refresh and has a well-embedded consultation approach.

Engagement with customers and stakeholders:

In addition to Public Performance Reporting and the CPP engagement noted…. the council engages with customers and stakeholders in a variety of ways:

– **Citizens Space:** online portal for consultations, through which c.14,000 responses were received in the 18 months to 31 May 2018.

– **City Voice:** the Citizens Panel managed by the council on behalf of the CPP.

– **The CPP's Civic Forum:** bringing together Community Councils, Communities of Interest and other Community Groups.

– **Community Council Forum:** supporting community councils across Aberdeen. Community Engagement Group: bringing together several group from across the CPA partnership.

In January 2019 the Strategic Commissioning Committee considered a report which set out the findings of a review of the council's approach to Customer and Community Engagement. Key developments which are being taken forward are: a better link between Service Delivery Plans and CPA engagement; monitoring of customer and community engagement through the new Performance Management Framework; and findings from the review are to be embedded into the council's transformation project for civic leadership.

Source: Aberdeen City Council Annual Audit Report 2018/19, KPMG

The council considers equalities across its work, both when engaging with hard-to-reach communities and its own workforce

156. Equalities considerations are a clear focus within the LOIP and reflected in a number of the outcomes monitored via the AOF. Auditors assessed the council's commitment to equal opportunities as part of the wider dimension audit work included in the 2019/20 annual audit. This established that the council had undertaken work to understand its diverse communities; set equalities KPIs that were being monitored and reported appropriately; were establishing an Equality Ambassador Network (EAN) of staff to act as contacts on equality and diversity issues and to share information across the organisation; and ensured that equalities had been considered across all services in the organisational change and development of the TOM. The council was also found to undertake an equalities impact assessment for all budget options, consulting with Unions, priority groups and the Equality Ambassador Network as part of this. The council carried out an equalities impact and risks assessment related to Covid-19 and, as part of our wider Best Value work, provided evidence of direct engagement with hard to reach communities.

Equal opportunities:

The council has integrated equal opportunities into it practices and policies, it is trying to be forward looking in methods and ways to communicate to hard to reach communities. The council is committed to make decisions that do not impact negatively on diverse communities through equalities impact assessments, clearly demonstrated by the assessment of Covid-19 on various communities It has set performance indicators and is measuring achievement and continues to further develop plans with future actions. It is clear that the council is acting as a leader in the region on equal opportunities. The council is an equal opportunities employer.

Source: Aberdeen City Council Annual Audit Report 2019/20, KPMG

Recommendations
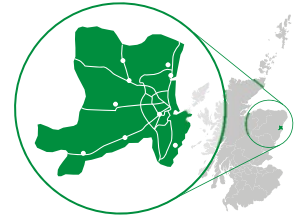
- To help them carry out their Best Value responsibilities, elected members should:

  – look to build upon the broad consensus relating to the council and LOIP vision and priorities to explore the potential for creating more opportunities for cross-party working (paragraph 41)

  – take advantage of the learning and development opportunities provided by the council (paragraph 46)

- To supplement current council and CPP performance reports, and aid public understanding and scrutiny, the council should produce an annual performance report more clearly reporting the longer-term progress made in improving outcomes. This should include a high-level multi-year trend summary of performance against priority indicators and supporting narrative (paragraph 53).

- The council should ensure that its longer-term financial plan is regularly reviewed (paragraph 86) and that it continues to develop how it reports aspects of the complex capital programme within their accounts (paragraph 95).
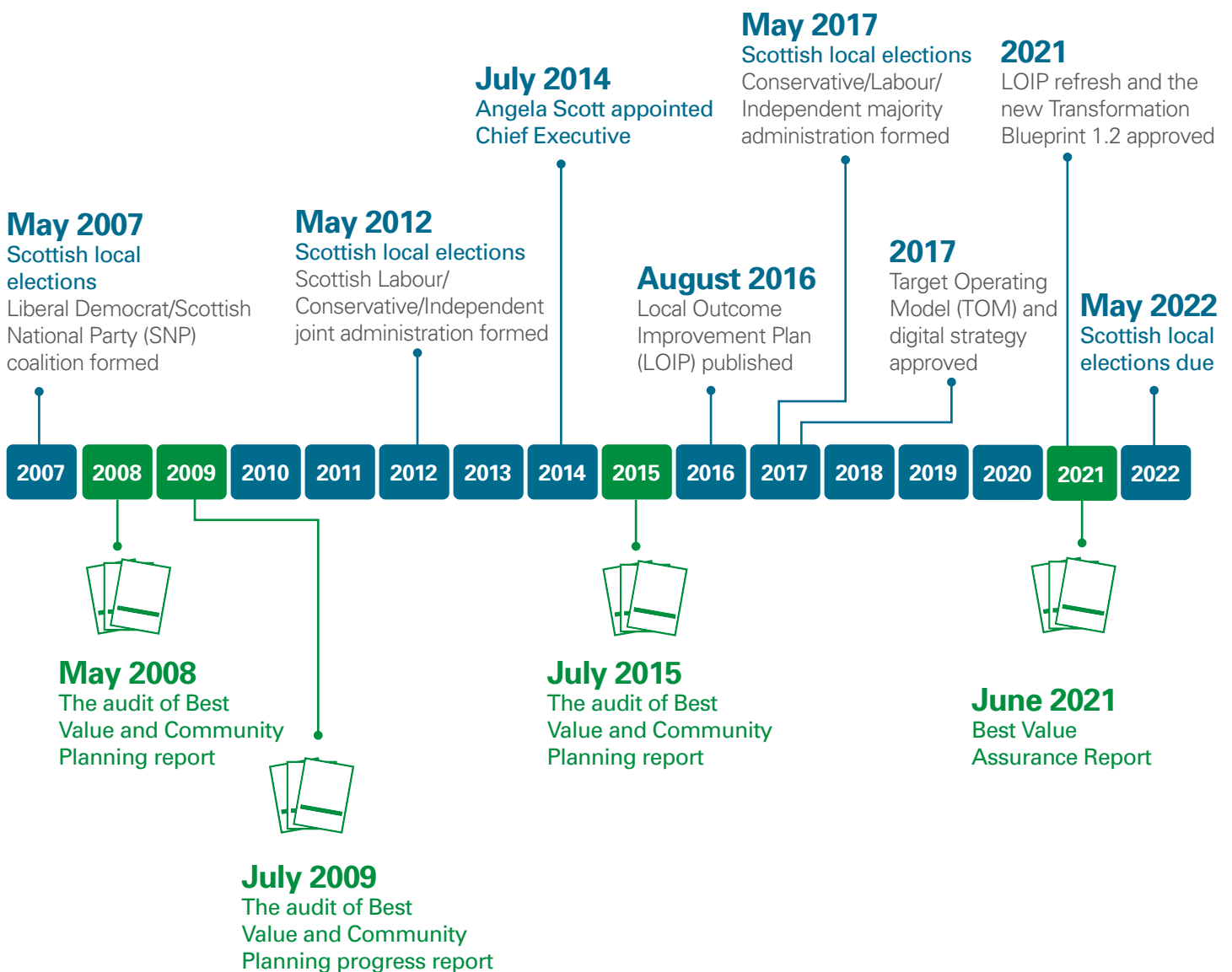
- The council should carry out post-project reviews of major projects, including capital developments, to ensure lessons can be learned timeously and applied to future projects (Case study 2 and paragraph 148).

- In order to fulfil its duties under the Community Empowerment Act 2015, the council should continue to consult with communities and articulate how it intends to meet its target to allocate one per cent of revenue funding through participatory budgeting (paragraph 127)

- The council should review the number and focus of its improvement projects to:

  – focus on improving core services areas that support the longer-term ambitions of the LOIP

  – reflect the views of residents

  – respond to short-term priority responses to Covid-19 (paragraphs 70 and 151).

Appendix

Best Value audit timeline

Council journey

May 2007
Scottish local elections
Liberal Democrat/Scottish National Party (SNP) coalition formed

May 2012
Scottish local elections
Scottish Labour/Conservative/Independent joint administration formed

July 2014
Angela Scott appointed Chief Executive

August 2016
Local Outcome Improvement Plan (LOIP) published

May 2017
Scottish local elections
Conservative/Labour/Independent majority administration formed

2017
Target Operating Model (TOM) and digital strategy approved

2021
LOIP refresh and the new Transformation Blueprint 1.2 approved

May 2022
Scottish local elections due

| 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |

May 2008
The audit of Best Value and Community Planning report

July 2009
The audit of Best Value and Community Planning progress report

July 2015
The audit of Best Value and Community Planning report

June 2021
Best Value Assurance Report

Best Value Assurance Report
Aberdeen City Council

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