



Orkney Islands

**Best Value Thematic Report 2022/23:
Leadership in the development of the Council's strategic
priorities**

24 January 2024

Key contacts

Your key contacts in connection with this report are:

Michael Wilkie

Director

Tel: 07795 370106

Michael.Wilkie@kpmg.co.uk

Matthew Moore

Senior Manager

Tel: 07468 369807

Matthew.Moore@kpmg.co.uk

Contents	Page
Key messages	3
Scope of the audit	5
Council vision and priorities	7
Citizen and community engagement	13
Reducing inequalities and tackling climate change	16
Alignment of delivery plans	20
Leadership	23
Appendix	25

Key messages

- This report concludes on the effectiveness of the Council's leadership of the development of the Council's strategic priorities, following the recent local government elections.
- The overarching strategic vision of the Council is detailed in the Council Plan. The plan extends for 5 years from 2023 to 2028. An Equalities Impact Assessment and Island Communities Impact Assessment were carried out alongside its development.
- The Council Plan is informed by Orkney's Community Plan 2023-2030 (the Local Outcomes Improvement Plan). The following strategic priorities are identified as part of the Community Plan:
 - Cost of living
 - Sustainable development
 - Local Equality
- The Council Plan identifies three key themes / priority areas as follows:
 - Growing our economy
 - Strengthening our communities
 - Developing our infrastructure
- The three priority themes sit under and overall theme of "transforming our council".
- In order to monitor and review progress the Council Plan lays out performance measures, outcomes to be achieved and specified targets for each theme, to be achieved by the conclusion of the Council Plan in 2027/28 against a 2020/21 baseline. The Council Plan is accompanied by a delivery plan which describes some of the projects, services and policies which will progress priorities of the Council Plan and achieve tangible outcomes for Orkney.
- The Council's Performance Management Framework sets out the process for monitoring performance against the strategic objectives. Priorities under the strategic plan are aimed to be delivered through service delivery plans. The delivery plans and the Performance Management Framework aligned with the new Council Plan are under development. Performance reporting under the new framework is expected to be carried out from the next year.
- Consultation to inform the Community Plan was carried out in two stages. A consultation exercise was conducted under the banner "Orkney Matters", comprising a questionnaire, a series of online meetings, and dedicated sessions for schools and community groups including some which used art to engage with people less likely to respond through regular channels. The second stage was a public consultation on the draft Community Plan itself prior to its finalisation. Community engagement related outcomes and performance targets are built into the Council's strategic planning process.
- Consideration of tackling poverty and inequality has been built into the Community Plan and the Council Plan and related outcomes have been identified. A number of poverty driven performance measures have been identified as part of the Council Plan along with the target achievement by the end of the term of the Council Plan. There are no specific inequality measures or related action plans in the Council Delivery Plan.

Key messages (continued)

- The Council has a Carbon Management Programme in place. The programme runs from 2016 to 2026. The main aim identified under the programme is to reduce the carbon emission by 42% by 2025 as compared to the base levels relating to 2004/05. As per the latest published return, relating to 2021/22, an 18% reduction has been achieved.
- Becoming net zero by 2030 has been included as an aim in the latest Council Plan extending for a period from 2023 to 2028. The strategic plan also identified relates performance measures in relation to carbon emissions. Net zero and de-carbonisation has been included in the Council Delivery Plan developed to support the implementation of the Council Plan 2023-28. A revised climate strategy is currently in the process of development.
- The Council has a Corporate Assets Management Strategy spanning over a period of three years from 2019 to 2023 and Property Asset Management Plan for the period from 2013 to 2023.
- The Council agreed a new Workforce Plan - People Plan - in June 2022, this plan sets out the priorities for the workforce to drive forward the priorities and support the ambitions of the Council.
- The Council has an approved financial budget, medium term financial plan and capital programme in place but needs to address a significant cost pressure in the medium term and plans to reduce its use of the Strategic Reserve Fund. It does not yet have a clear strategy to achieve this.
- Capital slippage continues to occur. The Council Delivery Plan, which is a key document in relation to implementation of the Council Plan, identifies the action plan in relation to capital program under the theme of “Developing our Infrastructure”. The action plan identifies the objective to finalize and approve the new capital program in 2024/25 along with the monitoring of the current capital programme.
- There are a number of committees constituted to support the effective and collaborative working. The Council has a system in place to report regular updates in relation to the achievement of strategic objectives to the service committees and the Policy and Resources Committee in the form of monitoring of the Council Delivery Plan.

Scope of the audit

When discussing the Local government in Scotland Overview 2022, William Moyes, Chair of the Accounts Commission said: *“Councils are operating in a complex and increasingly volatile, unprecedented and unpredictable environment. Strong leadership from Councils is needed now more than ever, with new and returning councillors being able and willing to make difficult decisions about where and how to spend highly pressurised resources.”*

This report concludes on the effectiveness of the Council’s leadership of the development of the Council’s strategic priorities, following the recent local government elections.

The Accounts Commission’s Strategy (2021-26) sets out its priorities to focus on inequalities, funding, communities and recovery. The Code of Audit practice sets out the Best Value work required to report on these priorities.

Code of Audit Practice 2020 Best Value reporting requirements

Best Value reporting – extract from the Code

87. The Accounts Commission’s approach to Best Value involves reporting on individual local government bodies and thematically across the local government sector through performance reports:

- As part of their integrated wider-scope annual audit work appointed auditors use a risk-based approach to assess and report whether the audited body has made proper arrangements for securing Best Value and is complying with its community planning duties, including reporting progress against previous Best Value findings and recommendations.
- The Accounts Commission also requires the Controller of Audit to report to the Accounts Commission on each council or Integration Joint Board (IJB) at least once over the five-year audit appointment on the body’s performance on its Best Value duty. This enables the Accounts Commission to make findings for improvement where appropriate.
- The Accounts Commission reports nationally on thematic aspects of local government bodies’ approaches to, and performance in, meeting their Best Value and community planning duties. Local government appointed auditors report locally on any such Best Value thematic work prescribed by the Accounts Commission.

This report covers the thematic aspect of the Best Value audit requirements. The Commission has directed auditors to report on the effectiveness of the leadership of the development of the Council’s strategic priorities.

 **In addition to recommendations for improvement, aspects of good practice have been highlighted throughout this report with the following icon.**

Orkney Islands

Scope of the audit (continued)



In carrying out the work auditors have considered the following questions:

- How clear is the new Council vision and its priorities?
- How effectively have the views of citizens and communities been reflected in the priorities and decisions taken by the Council?
- How effectively do the Council priorities reflect the need to reduce inequalities and climate change?
- How good are the delivery plans and is there alignment of financial, workforce, asset and digital plans with the Council's priorities?
- Overall, how effective has the leadership been (political and officer) in setting clear priorities and a sustainable approach to delivering them?

An improvement action plan is included at Appendix 1 of this report. This sets out audit recommendations in key areas, and the Council's planned response including responsible officers and dates for implementation.

The coverage of the work is in line with the expectations for Council arrangements for the seven Best Value themes in the Local Government in Scotland Act 2003, Best Value Statutory Guidance 2020.

Council vision and priorities

The Council has established a clear vision supported by revised priorities

A council focused on achieving Best Value in how it operates will be able to demonstrate that elected members and officers have a clear vision and priorities for their area.

The Local government in Scotland Overview 2022 says that Scotland's councils have had a pivotal role in supporting and working with communities as they respond to the impacts of Covid-19. Following the council elections in May 2022, the councils are expected to have reviewed their priorities.

The overarching strategic vision of the Council is detailed in the Council's Plan. The plan extends for 5 years from 2023 to 2028. The plan is available for public access on the Council's website.

The Council Plan is informed by the Orkney Community Plan (which is the Local Outcomes Improvement Plan) which addresses the strategic priorities which all agencies in the Partnership need to take joint action on, while each individual partner's plans – such as the Council Plan – set out the priorities and actions to be delivered by that particular agency.

Five agencies share in leading and running the Partnership: the Council, NHS Orkney, Police Scotland, the Scottish Fire and Rescue Service and Highlands and Islands Enterprise.

The Community Plan runs from 2023 to 2030 and a link is provided on the Council webpage to direct to the Community Plan.

The Community Plan identifies the following key priorities:

- [Sustainable Development](#) - supporting Community Wealth Building and achieving Net Zero by 2030.
- [Cost of Living Crisis](#) - and tackling the underlying causes of poverty.
- [Local Equality](#) - so residents in all parts of Orkney have equal opportunities.

The Community Plan is a high-level strategic partnership document setting out the vision and direction for the Orkney area, as agreed by all the partner organisations and communities.

The Council Plan reflects the outcomes from the Community Plan and sets out, at a high level, what the Council will do to deliver the Partnership priorities.

Key pledges identified in the plan are as follows:

Maintenance of existing standard of services

Improvement of services and outcomes for the residents

Development and delivery of projects for the benefit of communities

The pledges identified above are planned to be met through aims and outcomes grouped under three priority themes identified in the Council Plan. The three priority themes sit under an overall theme of "transforming our council".

Orkney Islands Council

Council vision and priorities

(continued)

The plan identifies three key themes/ priority areas, across which work is aimed to be performed, which are as follows:

- Growing our economy
- Strengthening our communities
- Developing our infrastructure

The plan further identifies the aims and outcomes that are planned to be achieved under each of the priority areas. Exhibit one provides the details of the aims and the outcomes planned to be achieved under each of the key themes.

Priority Area	Objectives	Outcomes
Growing our economy	We will reduce poverty and disadvantage and minimise the effects of the cost-of-living crisis.	<ul style="list-style-type: none"> • We target support at those most at risk from the cost-of-living crisis. • We have reduced persistent poverty and disadvantage relating to social or economic factors. • The benefits of economic growth are shared.
	We will create favourable conditions for sustainable economic growth.	<ul style="list-style-type: none"> • Local businesses in key sectors are thriving and creating better employment opportunities. • Investment into Orkney is increased across vital areas. • Our economy is growing in a sustainable way that balances social and environmental priorities. • We have a growing population that is contributing to the economy.

We will work towards becoming net zero.

- Orkney is on track to become net zero by 2030. We have reduced the carbon used during the course of our direct and indirect activities.
- We have grown our green and blue economies.
- Everyone in Orkney has reduced their carbon footprint (the greenhouse gases generated by their actions).

Orkney Islands Council

Council vision and priorities

Priority Area	Objectives	Outcomes
Strengthening our communities	We will support communities to develop local solutions and deliver what is important to them	<ul style="list-style-type: none"> Engagement with communities is effective and clearly influences decisions and drives improvement. Communities feel in control of their priorities and the decisions that affect them.
	We will establish the highest standards of public support and protection.	<ul style="list-style-type: none"> More people live independently with increased choice over support and services. We invest in proactive measures to prevent harm and improve the life chances of those in need. Everyone shares responsibility for public support and protection.
	We will widen access to opportunities for better learning, achievement and wellbeing.	<ul style="list-style-type: none"> Our public spaces and environment promote the wellbeing of our communities. All learners are actively supported to reach their potential. Access to opportunities is fairer. Our cultural heritage is invested in to preserve and improve our unique identity
Developing our infrastructure	We will invest in homes, supporting choice, inclusion and economic growth.	<ul style="list-style-type: none"> More quality homes to rent or buy in various locations, providing more choice. Social and private housing is more energy efficient.
	We will remove barriers to digital connectivity and vital transport.	<ul style="list-style-type: none"> We have the digital connectivity needed to support sustainability and equality across our communities and businesses. Our transport infrastructure meets the needs of our communities and visitors
	We will invest in projects that further our economic ambitions.	<ul style="list-style-type: none"> We have delivered the Orkney Community Windfarms Project. Vital projects identified within the Harbours Masterplan have been delivered. We have secured investment funding and delivered 50% of the Islands Deal Programme

Orkney Islands Council

Council vision and priorities

Priority Area	Objectives	Outcomes
Transforming our council	We will develop ways of working that put people at the heart of what we do.	<ul style="list-style-type: none"> • Our new guiding principles are obvious in the way we do things. • Organisational barriers to change are minimised. • Our governance arrangements are dynamic and make delivering the right things easy. • Our facilities reflect the future needs of our communities and our organisation.
	We will establish a culture that motivates staff to do the right things at the right time.	<ul style="list-style-type: none"> • Our leaders are confident in their roles and we have a shared leadership culture. • Our employees feel valued and recognised. • We have created flexible career pathways for staff at every level, and these help us sustain outstanding performance.
	We will develop business approaches that are fit for purpose and give people direct access to services wherever possible.	<ul style="list-style-type: none"> • We design key services with communities from start to finish. • Our services are designed to be available online, efficient and automated, giving customers choice and control. • We have improved the quality of our data to help improve our performance. • We have diversified our funding base and have created the conditions for financial sustainability. • We have strengthened our national and international relations to advance the interests of Orkney and its community.

Council vision and priorities

In order to monitor and review progress the Council Plan lays out performance measures and specified targets for each theme, to be achieved by the conclusion of the Council Plan, which include the three priority themes and the overall theme of transforming the council. Some performance measures and targets are taken from the Orkney Partnership's Community Plan and some are taken from the Local Government Benchmarking Framework (LGBF).

The Council Plan provides 2027/28 targets against each of the performance measures linked to the underlying theme.

The Council Plan is accompanied by a delivery plan. This Delivery Plan complements and supports Orkney Islands Council's strategic plan for the current Council term. The Delivery Plan describes some of the projects, services and policies which will progress priorities of the Council Plan and achieve tangible outcomes for Orkney.

The Council's Performance Management Framework sets out the process for monitoring performance against the strategic objectives. Four Directorate Delivery plans are being implemented alongside a new performance management framework aligned with the new Council Plan. These are in progress with two Directorate Delivery Plans to be in place by the end of 2023 and the remaining two by 31 March 2024. The Monitoring and Audit Committee has oversight of the process.

Performance reporting under the new framework will be carried out from the next year. The 2022/23 annual performance reporting is yet to be carried out and will be under the previous performance management framework. The latest available performance reporting relates to 2021/22 and has been carried out in pursuance of the previous Council Plan. The annual performance report for 2021/22 is available for public access on the Council's website.

The performance report reports achievement against the action points identified in the Council Delivery Plan aimed towards satisfaction of the key themes identified in the Council Plan 2018-23 and best value. This is based on performance reporting, against the delivery plan, reported to the Policy and Resources Committee on a periodic basis.

The performance is reported as follows:

- BLUE = Completed.
- RED = Overdue/Significant underperformance with a medium to high risk of failure to meet the target.
- AMBER = Minor underperformance, with a low risk of failure to meet the target.
- GREEN = On target.

The 2021/22 annual performance report noted that out of all action points, 10 were reported as red and 4 were reported as amber as compared to 16 red and 10 amber in the previous period. The 2021/22 reporting also includes the progress in relation to the best value action points which were not reported in 2020-21 report.

 Although the annual performance reporting is being carried out to report achievement of strategic objectives, it will be more beneficial to report this in form of quantifiable KPIs as opposed to narrative reporting. Quantitative KPIs have been developed under the new Council Plan and will form the basis of the next performance reporting.

Council vision and priorities

The Local Government Benchmarking Framework (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services to local communities. The LGBF assists councils in benchmarking their performance in key areas and creates opportunities to identify and share good practice.

A link to the LGBF dashboard is provided on the Council's website as well as the annual accounts, which allows visualization of the Council's performance by service areas and indicators. Additionally, the Council reports the same in summary in the form of a performance report which is available for public access on the performance webpage.

The latest available report on the webpage report relates to 2020/21. Performance report in relation to 2021/22 was presented to the Policy and Resources Committee dated June 2023 which included a clear focus on reporting on LGBF indicators which were related to priorities in the Council Plan as a specific appendix, followed by other indicators which while important, were not specifically associated with Council priorities. 👍

We recommend that the latest report is updated on the webpage on timely basis to ensure citizens have access on a timely basis.

Recommendation one

As reported in relation to 2021/22, of the 19 LGBF indicators the Council identifies as aligned with the Council Plan priorities, 5 indicate the Council is in the top quartile of councils, 5 indicate the Council is in the second quartile and it is in the bottom two quartiles for the remaining 9. Context and trend data is provided for each of these indicators.

Taking into account all indicators, as per the latest published data the Council's performance has improved or stayed the same as compared to the prior year and base year in relation to 52% and 55% of the indicators. The percentage of indicators in top 2 quartile reduced from 55% to 50%.

The lowest percentages in relation to indicators in the top 2 performance quartiles related to cost indicators, corporate services and housing services categories i.e. 30%, 36% and 20% respectively. Performance against cost and corporate services has improved as compared to base year.

👍 The Council has a system in place whereby the LGBF data is tested and verified by the internal audit ahead of it being submitted to the Improvement Service to become part of the LGBF reporting.

Citizen and community engagement

Elected members are close to the communities they serve and can understand their sentiments. The Council has effectively engaged with citizens and communities when developing the priorities however more work is required to provide a platform and resources for engagement on an ongoing basis

Recovery from the pandemic will require councils to work alongside their local communities. There must be a focus on getting the services people need in place as pressures and stresses escalate and impact the day to day lives of individuals and communities.

Councils, with their community planning partners, have a responsibility to ensure that people and communities are able to be fully involved in the decisions that affect their everyday lives.

Early and meaningful engagement and effective collaboration with communities to identify and understand local needs, and in decisions that affect the planning and delivery of services should be a core part of determining a council's vision and priorities.

The overarching strategic vision of the Council is detailed in the Council's Plan. The plan extends for 5 years from 2023 to 2028.

The Council Plan is informed by the Orkney's Community Plan (also called the Local Outcomes Improvement Plan) which addresses the strategic priorities which all agencies in the partnership need to take joint action on.

The Community Plan recognises that Community Planning requires bringing local providers of public service to improve outcomes for individuals, families, and communities.

The Community Plan further identifies the Community Empowerment Act 2015 as part of the strategic context which in turn influences the planning and decision making by the Council.

 Consultation to inform the Community Plan was carried out in two stages. In the first stage a consultation exercise was conducted under the banner "Orkney Matters". This comprised a questionnaire, a series of online meetings, and dedicated sessions for schools and community groups which used art to engage with people less likely to respond through regular channels. A report was presented to summarise the outcomes of this consultation, along with the updates to the Council Plan, to the Policy and the Resources Committee 21 February 2023 and the proposed changes emanating from the consultation were considered as part of the approval of the plan.

The second stage was a public consultation on the draft Community Plan itself prior to the finalisation of the plan.

National consultation also played a part in the development of this plan. A total of 790 Orkney residents participated in the first National Islands Plan Survey answering questions on their experience of employment and business opportunities, transport, housing, fuel poverty, digital connectivity, health, social care, the environment, climate change, culture, and education.

Citizen and community

The survey is due to be repeated in 2023 and every two years thereafter for the lifetime of the National Islands Plan. Results are published online with responses from Orkney Mainland and Isles respondents split out.

The Council considers the views of the recently elected members as an important source of input to inform the development of the Council plan in relation to views of the communities and businesses. Owing to the size of the population, councillors are close to the communities they serve.

The Partnership Plan identifies high level outcomes in the form of themes, the third theme being “local equality” which identifies the following community engagement and empowerment related outcomes:

- A locality plan which supports local community-led development plans.
- Digital connectivity in every community which meets the requirement of every user.

The Community Empowerment (Scotland) Act 2015 requires community planning partnerships to identify areas within their boundaries that experience disproportionate levels of socio-economic disadvantage and develop one or more locality plans to reduce inequality.

The Partnership Plan notes that Partnership’s first Locality Plan 2018-2021 focused on the ferry-linked isles but was overtaken by the Covid-19 pandemic and failed to resolve some of the longstanding disadvantages experienced by isles communities. In response, the Council decided to elevate Local Equality to a strategic priority, making it the focus of a dedicated delivery group reporting directly to Council.

It is anticipated that the new locality plan will focus on levelling up digital and transport connectivity, widening the availability of services, and improving access to employment opportunities. The Partnership Plan identifies the development of a locality plan as a shorter-term outcome i.e. expected to be delivered by 2025. The new locality plan relating to the ferry linked isles is currently in the process of development. We recommend the Council continues to support the development of locality plans, including assessment of whether further plans are necessary. It should encourage the Orkney Partnership to prioritise this assessment and completion to the extent possible.

Recommendation two

The Council Plan reflects the outcomes from the Community Plan above and sets out, at a high level, what the Council will do to deliver the partnership priorities.

The identified themes emanating from the results of public consultation, as included in the Partnership Plan, translated into the themes and outcomes laid down in the Council Plan.

Citizen and community

The Council Plan also identified community engagement and empowerment related outcomes as follows:

- Engagement with communities is effective and clearly influences decisions and drives improvement.
- Communities feel in control of their priorities and the decisions that affect them.
- Our facilities reflect the future needs of our communities and our organisation.
- We design key services with communities from start to finish.

Additionally, a number of community involvement and engagement driven performance measures have been identified as part of the Council Plan along with the target achievement by the end of the term of the Council Plan. The details of such performance measures are as follows:

- Community council satisfaction with their involvement in community development and engagement
- Percentage of adults supported at home who agree that they had a say in how their help, care or support was provided
- The percentage of adults supported at home who agree that their services and support had an impact in improving or maintaining their quality of life
- Level of customer satisfaction experienced by the public with queries handled by customer service staff

The Council has provided a complaints, comments and suggestions section on its webpage which provides details of the media to get in touch including email, postal address and telephone.

Orkney used to operate a citizens panel under the title of Orkney Opinions. We have been given to understand that it was being used till Covid and to bring it back as an active tool is being considered as part of the wider project below.

Recommendation three

Council is currently under the process of reviewing and refreshing the community engagement project which is aimed towards development of a joint approach and modernised suite of tools and protocols for community consultation and engagement which meet the needs and expectations of the community and ensure better co-ordination between the Council, OHAC and The Orkney Partnership.

The Orkney matters consultation outcome, used in relation to development of the latest Community Plan and the Council Plan, notes that there have been numerous responses to the consultation highlighting that communications are not working well between the Council, Community Planning Partners and the General Public. This has led to the inclusion of outcomes aimed towards improvement of citizens involvement and engagements in the Council Plan and the Community Plan as noted above.

Reducing inequalities and tackling climate change

The Council’s priorities have a focus on the need to reduce inequalities and climate change. It has a clear understanding of inequalities faced by its island communities. The previous climate targets have not yet been achieved. More work is required to action the implementation of the climate change initiative.

Council priorities are expected to reflect the Best Value expectations that all activity should contribute to tackling poverty, reducing inequality and promoting fairness, respect and dignity for all citizens, alongside a focus on sustainable development, including climate change.

The Local government in Scotland Overview 2022 report says that the impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality. Councils have worked hard and adapted to maintain service delivery but those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities.

Consideration of tackling poverty and inequality has been built into the Community Plan and the Council Plan and related outcomes have been identified.

Of the three strategic themes identified in the Community Plan, two relate to poverty and inequality which are as follows:

- Cost of Living.
- Local Equality

The Council Plan further lays down the outcomes and target performance in relation to the identified strategic themes.

In relation to inequality the Community Plan notes that The Local Equality Delivery Group will develop and lead the delivery of a new locality plan supporting communities experiencing socio-economic inequality, both in the ferry-linked isles and elsewhere across Orkney.

Equality, fairness and inclusion, particularly for vulnerable and remote communities like the ferry-linked isles has been identified as a core principle in the Council Plan.

The following aims and outcomes related to inequality and poverty are identified in the Council Plan:

Priority Area	Objectives	Outcomes
Growing our economy	We will reduce poverty and disadvantage and minimise the effects of the cost-of-living crisis.	<ul style="list-style-type: none"> • We target support at those most at risk from the cost-of-living crisis. • We have reduced persistent poverty and disadvantage relating to social or economic factors. • The benefits of economic growth are shared.

Reducing inequalities and tackling climate

Priority Area	Objectives	Outcomes
Growing our economy	We will create favourable conditions for sustainable economic growth.	<ul style="list-style-type: none"> Local businesses in key sectors are thriving and creating better employment opportunities. Investment into Orkney is increased across vital areas. Our economy is growing in a sustainable way that balances social and environmental priorities. We have a growing population that is contributing to the economy.
Strengthening our communities	We will widen access to opportunities for better learning, achievement and wellbeing.	<ul style="list-style-type: none"> Access to opportunities is fairer.

Additionally, a number of poverty driven performance measures have been identified as part of the Council Plan along with the target achievement by the end of the term of the Council Plan. The details of such performance measures are as follows:

- Percentage of households in fuel poverty
- Percentage of children living in poverty (after housing costs)
- Claimant Count as a percentage of Working Age Population
- Employment (16 to 24 years)

The Council presented on Equality Outcomes 2023-2027 to Policy and Resources Committee in September 2023 and work is ongoing to develop associated KPIs and delivery plan. In the meantime there are no specific performance measures in the Council Plan in relation to inequalities or related action plans in the Council Delivery Plan.

Recommendation four

 In addition to the public consultation carried out in relation to the development of the Community Plan and the Council Plan, a part of the consultation was designed to consider members of the community who do not traditionally interact with the completion of a questionnaire and the attendance of meetings. This group was termed as the “Lesser Heard Voices.” With input from the Pier Art Centre, a number of local artists and the Education Team at the Council, these sessions allowed groups and individuals to use art as a method to express themselves.

A report was prepared to summarise the outcomes of the above and inform the overall consultation report. The report notes that full intended benefit could not be materialized due to covid and choice of inappropriate timing with respect to high school examinations. Participants included schools and groups such as Harray SWRI, the Inner Isles Wellbeing Group, Kirkwall Library Families, Pride Tribe Youth Café, Upside Downs, Women’s Aid – Children and Young People and the Artist Voice.

Reducing inequalities and tackling climate

Equalities Impact Assessment and Island Communities Impact Assessment were carried out as part of the development of the plan and presented for consideration along with the presentation of the Council Plan for approval to the Policy and Resources Committee. However, these have not been published on the designated section of the website to provide access to public. The latest available assessments on the website relate to 2018.

Recommendation five

Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action. Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic.

The Council has a Carbon Management Programme in place. The programme runs from 2016 to 2026. The main aim identified under the programme is to reduce the carbon emission by 42% by 2025 as compared to the base levels relating to 2004/05.

The Council reports performance against this target to the sustainable Scotland network. As per the latest published return, relating to 2021/22, 18% reduction has been achieved. As per the reported data, the carbon footprint for 2021/22 has increased as compared to the prior year.

Becoming net zero by 2030 has been included as an aim in the latest Council plan extending for a period from 2023 to 2028. The strategic plan also identified relates performance measures in relation to carbon emissions under the growing our economy theme with reduction targets being set, for 2027/28, against 2020/21 baseline in relation to the following two measures:

- CO2 emissions area wide per capita (in tonnes)
- CO2 emissions area wide: emissions within scope of local authority per capita (in tonnes).

Net zero and de-carbonisation has been included in the Council Delivery Plan developed to support the implementation of the Council Plan 2023-28. The Council Delivery Plan identifies series of actions relation to progress towards net-zero.

Following are the details of the action identified in the delivery plan:

- Working with partners in the renewable research and innovation community.
- Finalisation, approval and implementation of relevant actions in the Orkney Sustainable Energy Strategy and Action Plan.
- Decarbonisation of vehicle fleet and Council buildings and properties with reference to the Scottish Government Local Heat and Energy Efficiency Strategy.
- Progressing delivery plan to meet Energy Efficiency Standard for Social Housing 2 by 2032 in line with Scottish Government priorities and availability of funding.
- Supporting uptake of renewable energy, smart energy, or energy efficient solutions for homes and businesses.

Reducing inequalities and tackling climate

Following immediate actions are laid down for 2023/24:

- Finalise the Orkney Sustainable Energy Strategy Action Plan.
- Council specific action will follow from this delivery plan.
- Commence development of the Council Climate Change Strategy and Action Plan.

An update on the progress was presented to the Policy and Resources Committee dated 19th September which proposed a draft timeline for progressing the climate change strategy which includes a target year 2024/25 for the approval of the climate change strategy and action plan.

The Council should action the development of climate relates strategies and associated action and delivery plans including incorporation of the impacts of the identified climate related initiatives in the future budgets and the medium-term financial plan.

Recommendation six

Proposed agenda items include sections for consideration of equality and environment outcomes of the proposed item.

Orkney Islands

Alignment of delivery plans

Council has begun to develop plans to align with the new Council Plan however it needs to conclude ongoing activity to ensure that its overall objectives are achieved through clearly aligned delivery plans and associated performance monitoring.

Making the best use of public resources is at the heart of delivering Best Value. With clear plans and strategies in place, and with sound governance and strong leadership, a council will be well placed to ensure that all of its resources are deployed to achieve its strategic priorities, meet the needs of its communities and deliver continuous improvement.

As noted earlier the Council has an overarching strategic vision detailed in the Council Plan which is in turn informed by the Orkney's Community Plan. The Council Plan reflects the outcomes from the Community Plan and sets out, at a high level, what the Council will do to deliver the partnership priorities.

The Council Plan identifies transformation of the Council as an overall theme in addition to the three key themes. This is aimed towards providing a foundation towards delivering outstanding customer service and performance.

Under this theme, one of the aims identified relate to development of business approaches that are fit for the purpose and provide direct access to the services. This includes design of services to be available online, efficient and automated to offer customers choice and control.

The Council Plan is accompanied by a delivery plan. This Delivery Plan complements and supports Orkney Islands Council's strategic plan for the current Council term. The Delivery Plan describes some of the projects, services and policies which will progress priorities of the Council Plan and achieve tangible outcomes for Orkney.

The delivery plan includes initiatives aimed towards the strategic objective of transforming the council which are as follows:

- Reduction of bureaucracy within and between agencies wherever possible improving working between partners. Consideration of the Single Authority Model (SAM) is included as part of this work.
- Improvement of processes and service delivery through the development of corporate and service digital systems.

As noted previously, priorities under the strategic plan are aimed to be delivered through Directorate Delivery plans. These detailed service plans to support the implementation of the strategic objectives and outcomes, outlined in the new Council Plan, are in development.

Measures identified in relation to reduction of bureaucracy includes identification of areas in partnership working with scope for reduction and development of a Single Authority Model in partnership with community partners by 2024/25 following consultations with the staff, trade unions, community and partners. This is aimed towards bringing several public agencies together to reduce bureaucracy, merging their governing bodies and senior management in order to free up more resources for front-line services. The aim is to explore this concept further during the life of the new Council Plan.

Measures identified in relation to improvement of processes and services include development

of the Digital Strategy Delivery Plan by 2023/24 followed by implementation of the same till the development of next plan in 2026/27.

Alignment of delivery plans

In line with above the Digital Strategy Delivery Plan was presented to the Policy and Resources Committee dated 19th September 2023 and has been approved.

In March 2023 the Council agreed its 2023/24 budget based on the recommendation from the Policy and Resources Committee dated 23 February 2023.

When setting the budget and Council Tax levels for 2023/24, the Council delegated powers to the Head of Finance, in consultation with the Chief Executive and the Section 95 Officer, to prepare and distribute a detailed budget incorporating all the budget adjustments agreed by the Council, and any settlement updates and/or clarifications unknown as at 23 February 2023.

Following above a detailed budget was presented to the Policy and Resources Committee dated 20 June 2023 and was recommended for approval to the Council. The Council approved the detailed budget in their meeting dated 4 July 2023. The final approved general fund revenue budget amounted to £100.8 million.

The 2021/22 annual report recommended, as a follow-up recommendation, development of medium to long term approach for developing saving options. The latest financial strategy identifies a funding gap and has identified potential options to bridge the gap including savings over the medium term. Detailed service plans to implement the identified measures in the medium-term financial plans are yet to be developed.

The Council's latest financial strategy update covers the period 2023/24 to 2027/28. The plan with the latest update was presented to the Policy and Resources Committee and the Council and approved dated 20 June 2023 and 4 July 2023 respectively.

The Council's existing capital programme includes approved capital project expenditure of £61,538,000 over the 3-year period 2023 to 2026 which. The capital program for future periods is being developed.

The 2021/22 annual audit report recommended the minimisation of the capital slippage and reprofiling of the capital projects. A new capital programme as noted above is in place however capital slippage continue to occur. The Council reported an underspend of £15.1 million due to the expenditure not meeting the profile assumed in the capital programme. A detailed capital overrun report was presented to the Policy and Resources Committee dated 19 September 2023.

The Council Delivery Plan, which is a key document in relation to implementation of the Council plan, identifies the action plan in relation to capital program under the theme of "Developing our Infrastructure". The action plan identifies the objective to finalize and approve the new capital program in 2024/25.

The Council has undertaken consultation, as noted earlier, in relation to the development of priorities for inclusion in the Community Plan and the Council Plan which in turn should inform the development of annual budgets and longer-term financial plans. However, the covering report for agenda item notes that the report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.

Recommendation seven

Alignment of delivery plans

The Council has a Corporate Asset Management Strategy spanning over a period of three years from 2019 to 2023 and Property Asset Management Plan for the period from 2013 to 2023. These are due for review and will require alignment with the new Council Plan.

The 2021/22 AAR noted that in pursuance of an earlier recommendation with respect to the review of the current service structure and staffing, the Council had made progress with respect to the review of the workforce structure and work was ongoing to create additional capacity. There has been no update in relation to this in the latest follow-up reported to the Monitoring and Audit Committee dated 8 June 2023.

The Council agreed a new Workforce Plan - People Plan - in June 2022, this plan sets out the priorities for the workforce to drive forward the priorities and support the ambitions of the Council. The plan has an accompanying action plan and requires biannual progress reporting requirement to the Policy and Resources Committee in relation to the progress against the action plan.

Notwithstanding the above, the financial and officer capacity of the Council to deliver on its wide ranging strategic objectives and ongoing policy and process developments, while also delivering change required by the Medium Term Financial Strategy is limited. Successful delivery will be challenging.

Orkney Islands

Leadership

The leadership has been effective in setting clear priorities but now needs to demonstrate sustainable plans for delivering them

Effective leadership from councillors, chief executives and senior officers, is key to councils achieving their objectives and providing clear strategic direction. The complex local government environment means collaborative leadership, working with partners, communities and citizens to improve outcomes is more important than ever.

Leaders need to be skilled in effective strategic thinking, decision-making and collaborative working and able to learn lessons from new ways of working. Councillors and officers must be clear on their roles in setting the vision and planning for its delivery.

Leaders should demonstrate behaviours and working relationships that foster a culture of cooperation, and a commitment to continuous improvement and innovation. Good conduct and behaviours when working together are crucial. Working relationships between members and between members and officers should be constructive and productive. Councillors should show a commitment to agreed council priorities and work together to achieve them.

There are a number of committees constituted to support the effective and collaborative working. List of all committees is published on the website along with their remit for public access and understanding.

Proposals for approvals presented to the Council and committees include a section for documenting alignment with the strategic objectives.

Minutes of the meetings and related documents are available on the website to ensure transparency.

As part of the development of the new Council Plan and Committee Plans, a number of workshops were held for Elected Members as well as the extended corporate leadership team to contribute to the setting of priorities.

In order to monitor and review progress the Council Plan lays out performance measures and specified targets for each theme, to be achieved by the conclusion of the Council Plan, which includes the three priority themes and the overall theme of transforming the council.

The Council has a system in place to report regular updates in relation to the achievement of strategic objectives to the service committees and the Policy and Resources Committee in the form of monitoring of the Council Delivery Plan. Link to this information is provided in the performance webpage of the Council.

Progress against action points emanating from assessments is reported to and monitored by the Policy and Resources Committee and are accessible by public through the minutes of the meetings of the relevant committee.

The 2021/22 annual audit report recommended that Internal audit should provide updates to those charged with governance on the progress the Council has made in implementing agreed audit actions. First progress report in relation to internal audit recommendations was reported on 8 June 2023.

Leadership (continued)

The 2021/22 annual audit report recommended that the Council should review the BVAR action plan to establish whether the issues highlighted were resolved by the actions taken. A report was presented to the corporate leadership team dated 7th September 2023 by the corporate director for strategy, performance and business solutions.

The purpose of the report was to summarise the findings of the review of the Best Value Assurance Report action plan which establishes whether the recommendations highlighted in the 2017 Best Value Assurance Report were resolved by the actions taken. As per the report all the action points emanating from the 2017 BVAR have been addressed. As part of our wider scope and best value work, we have identified similar recommendations as they relate to the new strategic and financial plans and have been reported as part of our annual audit report and the best value thematic reporting.

Corporate Leadership Team carries out an annual self-assessment of compliance with the Local Code of Corporate Governance and prepares an Improvement Action Plan which lists scheduled updates and improvements to governance procedures and documentation planned by Council directorates.

 The annual self-assessment process for 2022/23 was completed and an Improvement Action Plan for 2023/24 was prepared, which includes a progress update on actions included in the Improvement Action Plan for 2022/23 together with new actions for 2023/24 and beyond. This was presented to the Monitoring and Audit Committee dated 8 June 2023.

None of the action plans were reported as stalled or cancelled. 17 out of 58 action points were reported as behind schedule.

There were no indications of lack mutual respect, trust, honesty, openness and appropriate behaviour as part of the minutes of the meeting.

The Council is structured into 5 main Directorates and is led by Chief Executive, Oliver Reid, who is responsible for ensuring the Council delivers its services efficiently and effectively to the residents of Orkney. In January 2023, Oliver Reid joined as the new Chief Executive. He took over from interim Chief Executive, John Mundell, who had been with the Council for three and a half years.

The Council's Corporate Management Team completes a register of interests. The purpose of the register is to identify potential conflicts of interest when officers are making decisions. This register is available for public access.

The Council is made up of 19 independent councillors, and two who are members of the Scottish Green Party.

Appendix

Contents	Page
Improvement action plan	26

Improvement Action plan

#	Issue, Impact and Recommendation	Management response
1	<p>Performance reporting</p> <p>The latest available report on the webpage report relates to 2020/21. Performance report in relation to 2021/22 was presented to the Policy and Resources Committee dated June 2023 which included mapping of LGBF indicators against the OIC target outcomes and priorities in the Council Plan.</p> <p>There is a risk that the latest performance information is not made readily available to citizens.</p> <p>We recommend that the latest report is updated on the webpage on timely basis to ensure citizens have access to up to date information.</p>	<p>Agreed</p> <p>The development of the Annual Performance Report 2021-2022 is at an advanced stage and will be available on the Council website.</p> <p>Responsible officer / date</p> <p>Head of Improvement and Performance</p> <p>31 December 2023</p>
2	<p>Locality Plans (Orkney partnership)</p> <p>The Partnership Plan identifies the development of a locality plan as a shorter-term outcome i.e. expected to be delivered by 2025. The new locality plan relating to the ferry linked isles is currently in the process of development and the approach being taken includes appropriate reference to equality. For the Orkney Partnership to be effective, it needs to implement locality plans to deliver on its objectives.</p> <p>We recommend the Council continues to support the development of locality plans, including assessment of whether further plans are necessary. It should encourage the Orkney Partnership to prioritise this assessment and completion to the extent possible.</p>	<p>Agreed</p> <p>The Council will continue to support the development of the locality plans working with our community planning partners in The Orkney Partnership. It is expected that the new locality plan will be completed before the end of 2023/2024 with others being developed if The Orkney Partnership feel they are required during the term of the Community Plan.</p> <p>Responsible officer / date</p> <p>Head of Improvement and Performance</p> <p>31 March 2024</p>

#	Issue, Impact and Recommendation	Management response
3	<p>Stakeholder engagement</p> <p>The Council used to operate a citizens panel under the title of Orkney Opinions. While there are other engagement activities including aspects of good practice, there is a risk that citizens do not have opportunity for engagement with the Council through a regular structured way throughout the year. A project to review the approach to Community Consultation and Engagement is underway and includes actions to consider engagements methods.</p> <p>We recommend the Council ensures that it considers, as part of this project, how ad hoc and in-year consultation is carried out effectively and that it seeks stakeholder views on the proposed and implemented approach.</p>	<p>Agreed</p> <p>The Council has identified and committed to this improvement area. A project has been initiated to review and refresh The Council's approach to Community Consultation and Engagement. A partnership approach is being taken with members of the project team being from across community planning partners. Review of the citizenship panel is in scope of the project brief. This action was further considered and agreed at Monitoring and Audit Committee on 8 June 2023 as part of the Local Code of Corporate Governance Improvement Plan - Explore the development of a modernised suite of community engagement and consultation tools including an online platform.</p> <p>Responsible officer / date</p> <p>Head of Improvement and Performance Full discovery completed: 31 December 2024 Project completion: 31 March 2026.</p>
4	<p>Equality performance measures</p> <p>Indicators in the Council plan include a number in relation to reducing inequality. The Council presented on Equality Outcomes 2023-2027 to Policy and Resources Committee in September 2023 and Work is ongoing to develop associated KPIs and delivery plan.</p> <p>Until these are completed, there is a risk of inability to monitor and achieve inequality related objectives and outcome.</p> <p>We recommend development / highlighting of specific inequality related performance measures and delivery plan is set a target date and monitored.</p>	<p>Agreed</p> <p>Equality outcomes were presented at Policy and Resources Committee on 19 September 2023. As identified in the report a delivery plan, including equality KPIs, is now under development. This will include both internal and customer focused equality measures. In addition to this, many of the performance indicators in the Council Plan, including those highlighted on page 17 of this report, focus on reducing inequalities.</p> <p>Responsible officer / date</p> <p>Head of Human Resources and Organisational Development 30 June 2024</p>

#	Issue, Impact and Recommendation	Management response
5	<p>Climate change</p> <p>The objectives outlined in the previous carbon management programme have not yet been achieved.</p> <p>The council is working on developing the new climate related strategy and associated plans which will then need incorporating into other strategies.</p> <p>Until this is completed there is a risk of the Council plans and strategies not aligned to support the achievement of the climate related objectives and outcomes in a timely manner.</p> <p>The Council should expedite its ongoing development of climate related strategies and associated action and delivery plans. This should include incorporation of the impacts of the identified climate related initiatives in the future budgets and the medium-term financial plan.</p>	<p>Agreed</p> <p>Climate change continues to be a priority for the Council with increased focus within the Council Plan and Delivery Plan 2023-2028. In October 2023 the Council acknowledged the scale of the challenge of transitioning the Council and services to net zero and confirmed its commitment to urgent action, and endorses the developing strategic approach, including initial principles and timeline. It is included in risk registers.</p> <p>Development of the strategy and associated plans will be informed by an independent study. An officer working group met in November 2023 to commence practical actions and support.</p> <p>Responsible officer / date</p> <p>Head of Planning & Community Protection</p> <p>31 March 2025</p>
6	<p>Impact assessments</p> <p>Equalities Impact Assessment and Island Communities Impact Assessment were carried out as part of the development of the Council plan. However, these have not been published on the designated section of the website (alongside older assessments) but rather with the associated committee meeting reports were they were considered.</p> <p>There is a risk that stakeholders cannot readily access the latest assessments.</p> <p>We recommend that the Council add a note to this effect on the website and consider how assessments can be most readily accessed / overviewed by the public.</p>	<p>Agreed</p> <p>There has been an intentional move away from keeping all impact assessments in the same place as this separated them from the policy, strategy, or plan to which they were related.</p> <p>The Council will consider how to ensure an overview of completed assessments is made clearly available.</p> <p>Responsible officer / date</p> <p>Head of Improvement and Performance</p> <p>30 June 2024</p>

#	Issue, Impact and Recommendation	Management response
7	<p>Strategy updates</p> <p>The covering reports for the agenda item for financial budgets and strategies note that the report relates to the Council complying with its financial processes and procedures and therefore does not directly support and contribute to improved outcomes for communities as outlined in the Council Plan and the Local Outcomes Improvement Plan.</p> <p>There is a risk that alignment of financial plans and strategies to strategic plans and objectives is not clear.</p> <p>We recommend clear alignment of financial plans to the strategic plans.\</p>	<p>Agreed</p> <p>When making decisions on financial budgets and strategies, the Council is committed to supporting and contributing to improved outcomes as outlined in the Council Plan and Local Outcomes Improvement Plan.</p> <p>The current committee report template for financial matters will be amended in order to record that this is the case and thereby ensure that the Council's financial plans and strategies continue to be demonstrably aligned with its strategic plans and objectives in the Council's decision-making processes.</p> <p>Responsible officer / date</p> <p>Head of Legal and Governance 31 March 2024</p>



kpmg.com/socialmedia

The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.

© 2023 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.

Document Classification: KPMG Confidential