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Report to:	Risk and Audit Scrutiny Forum
Date of Meeting:	31 May 2016
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland Overview of Local Government 2016
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ◆ Provide the Forum with a summary of the information contained within the Audit Scotland Report 'An overview of local government in Scotland 2016' published in March 2016.

2. Recommendation(s)

2.1. The Forum is asked to approve the following recommendation(s):-

- (1) that the key messages and recommendations are noted;
- (2) that it be noted that this report will be presented to the Performance and Review Scrutiny Forum to be held on 28 June 2016 for noting; and
- (3) that it be noted that a report will also be submitted to the South Lanarkshire Partnership Board to be held on 29 June 2016 to reflect those areas of relevance to the Partnership.

3. Background

3.1. In March 2016, Audit Scotland published the above report on behalf of the Accounts Commission. This 'overview' report is prepared each year and covers key areas of current and future activity relative to local government and an opinion on how these are or should be managed. A copy of the report can be found on the Audit Scotland website.

3.2. The Audit Scotland report is divided into 2 parts, namely:-

- Part 1: Managing financial performance
- Part 2: Delivering services

3.3. As with last year's report, the introduction by the Chair of the Accounts Commission makes clear that the report is intended as a tool for councillors and officers in assessing "progress in the journey of improving outcomes for service users and communities".

3.4. There are a number of key messages noted within the report namely:-

- Councils' revenue funding from the Scottish Government will reduce in 2016/2017. At the same time, they face additional financial pressures and greater demands on services. Councils have been effective in balancing their annual budgets until now but councillors face increasingly difficult decisions about how best to spend their reducing budgets. This requires clear priorities and better long-term planning
- Councils' responses to budget reductions have mainly focused on incremental savings to existing services. In the face of further funding reductions, councils should be evaluating options for more significant changes to delivering key services, beyond health and social care integration
- Despite reducing their spending, performance measures show that councils improved in areas such as educational attainment, the quality of council housing and waste recycling in 2014/2015. However, customer satisfaction with some services declined and there are more significant funding reductions to come in 2016/2017 and beyond
- Most councils have reduced their workforces to save money, and many are planning further staff reductions. In doing so, they need to ensure they have people with the knowledge, skills and time to design, develop and deliver effective services in the future.
- Councils and their partners also need to respond to the Community Empowerment (Scotland) Act 2015, by involving local people more in making decisions about services and empowering local communities to deliver services that are sustainable and meet local needs
- Councillors need to keep updating their skills and knowledge to fulfil their complex and demanding role. In particular, it is increasingly important that they are able to challenge and scrutinise decisions and performance and fully assess options for new and different ways of delivering services within their reducing budgets

3.5. In a feature introduced in 2015, the overview report contains recommendations for councillors, which Audit Scotland says councillors should ensure are implemented, with the help of officers, and after making an assessment of the position in their council. The recommendations are listed below, together with an assessment of the position in South Lanarkshire Council:

Councillors should:	SLC position
<p>Satisfy themselves that their council has a longer-term financial strategy (five or more years) supported by an effective medium-term financial plan (three to five years). These should show how the council will prioritise spending to achieve its objectives, make any necessary savings and remain financially sustainable</p>	<p>The council has a 3 Year Revenue Budget Strategy that runs until the end of 2018/2019 and a longer term outlook covering 10 years. The strategy covers the short and medium term requirements and sets out the council's assumptions in terms of commitments, grant funding and efficiency requirements. With only one year notification of grant funding, there are inherent difficulties in planning longer term with any certainty.</p>
<p>Appraise all practical options for how to deliver the services their communities need within the resources available. This includes examining opportunities to work with and empower communities to deliver services in different ways, and learning lessons from others and from wider public service reform. They should ensure they get all necessary information and support from officers to help them fully assess the benefits and risks of each option</p>	<p>Committee reports are structured to include a section on risk, to allow the risks associated with change to be identified and explained.</p> <p>The service review process has an options appraisal component and this is a key part of the process. There is a standard Options Appraisal template that should be used by resources when considering options, and making recommendations.</p>

<p>Ensure their council continues to develop workforce strategies and plans that clarify the numbers and skills of staff needed in future. In assessing their council's workforce, councillors should consider whether they have people with the knowledge, skills and time to support them effectively in making the difficult decisions that lie ahead, and to design and implement new ways of delivering services</p>	<p>A workforce planning strategy for South Lanarkshire Council was approved in February 2010 and a set of tools rolled out to enable Resources to analyse their workforce and determine future workforce requirements.</p> <p>Work on the review of the planning strategy is now complete and it has been updated to incorporate best practice guidance from both CIPD and Audit Scotland.</p> <p>The Strategic Workforce Plan 2016 -2019 is supported by a toolkit and a Learn on Line Module to support managers in refining and further developing their workforce planning approach.</p> <p>The Strategy has an accompanying action plan with key milestones which will be measured through the council's Performance Improvement Framework and outcomes will be reported to elected members through the Committee processes of the council.</p> <p>Resource specific workforce plan for 2016-2019, based on the principles of the new strategy, have a target completion date of September 2016.</p> <p>Work is ongoing to update the current People Strategy to support the implementation of the plan.</p> <p>The Workforce Planning Strategy was presented to the Heads of Service Forum on 8 December 2015 and was approved at the Executive Committee of the council on 13 April 2016.</p> <p>The council is also undertaking a range of cross cutting service reviews and the principles of workforce planning are incorporated into the service review framework. As part of the outcomes of the review process, managers are required to consider employee requirements and include these in the workforce plan for the service.</p> <p>The Workforce Plan and the Service Review processes are supported by a range of policies to support the change processes. In particular, to support instances where redeployment may be required following a service review, or as an outcome of workforce planning, the council updated its Switch2 policy in March 2016. The policy has been adapted to more easily allow us to match employees' skills and knowledge to the other areas of the council.</p>
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<p>Make sure that decision-making processes and scrutiny arrangements remain appropriate for different ways of delivering services. This includes:</p> <ol style="list-style-type: none"> 1. having clearly written and manageable information to help them make decisions and scrutinise performance 2. carrying out business openly and improving public reporting 	<p>Members receive standard and clear information on council finances every 4 weeks. This information is detailed and timeously prepared and is provided to the council's Executive Committees, Resources Committees and in greater detail, the Financial Resources Scrutiny Forum.</p> <p>Benchmarking results have been reported to councillors – both at Executive Committee and at the Performance and Review Scrutiny Forum (PRSF).</p> <p>A training session on performance reporting and benchmarking took place in July 2015. This followed the 2014 overview report, which highlighted the need to provide councillors with information on performance and benchmarking to inform their decisions and support their scrutiny role.</p> <p>Performance reports on the progress of the Council Plan, Connect, are provided to Councillors at Q2 and Q4 each year, and Resource Plans with more detailed information are also reported twice-yearly. Information in relation to how the council performs relative to other councils is provided via the Local Government Benchmarking Framework, which is reported each year to the Executive Committee and the PRSF.</p> <p>It terms of Public Performance Reporting, the council publishes an Annual Performance Report each year, and this is supplemented by a comprehensive suite of performance reports on the council's website.</p> <p>The council, on an annual basis, undertakes an assessment of governance arrangements. The annual governance assessment informs the detail of the Governance Statement by considering a wide range of evidence and supporting information, including internal and external audit, self-assessments and inspections. Where areas of significant change are identified, including changes to staff, management and political structures, it will be included within the Governance Statement and Governance Action Plan – both of which are submitted to the Risk and Audit Scrutiny Forum for review and the Executive Committee for approval – examples of significant change considered in the past few years include the amalgamation of Finance and Corporate Resources and Community and Enterprise Resources – internal governance and reporting arrangements were reviewed.</p> <p>There are also corporate governance reporting structures currently in place to ensure that the council's decision making arrangements and procedures are clear and accountable including the Scheme of Delegation, Standing Orders on Procedures, financial regulations etc.</p>
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<p>Regularly review their personal training and development needs. They should work with council staff and others to create opportunities to update their knowledge and skills in increasingly important areas, such as financial planning and management, options appraisal, commissioning services, partnership working and scrutiny. These opportunities should also be available to any new members after the local elections in 2017</p>	<p>A training survey of elected members was undertaken in January/February 2014 to assess training needs. Following the survey, councillors were provided with access to Learn Online which provides a range of materials relevant to their role.</p> <p>Councillors are periodically asked if they have any specific training needs and in 2015-16 a session was delivered covering performance reporting, performance management and benchmarking. A session in October 2015 provided information on their role in relation to the governance of ALEOs and other Outside Bodies. A session in April 2016 provided information on community planning and the Community Empowerment Act and further sessions are planned to address governance, best value and risk.</p> <p>An annual briefing session is held on financial planning for the revenue budget and associated efficiencies required. As well as internal briefing sessions, members are given the opportunity to participate in the Improvement Service's Masterclasses. In relation to partnership working, Police and Fire periodically deliver presentations to all four Area Committees and members are given the opportunity to ask questions. NHS Lanarkshire/Social Work recently delivered a presentation to all members on the integration of health and social care.</p> <p>An induction programme, ongoing learning and development programme and access to IS training materials will be made available to new and returning members following the Local Government Elections.</p>
<p>Use the questions in this report and the separate self-assessment tool to help them assess their council's position.</p>	<p>The questions within the report are attached at appendix 1 and the self-assessment tool at appendix 2.</p>

4. Next Steps

- 4.1. The Forum is asked to note the contents of this report.
- 4.2. The Forum is asked to note that this report will be presented to the Performance and Review Scrutiny Forum (28 June 2016) for noting.
- 4.3. The Forum is asked to note that a report reflecting areas of relevance will be taken to the South Lanarkshire Partnership Board (29 June 2016) to reflect those areas of relevance to the Partnership.

6. Employee Implications

- 6.1. There are no direct employee implications.

7. Financial Implications

- 7.1. There are no direct financial implications.

8. Other Implications

- 8.1. Considering the detail of the report and identifying actions as appropriate contribute towards effective risk management.
- 8.2. There are no implications for sustainability in terms of the information contained in this report.

9. Equality Impact Assessment and Consultation Arrangements

- 9.1. This report does not introduce a new policy, function or strategy or recommend a change to an existing policy, function or strategy and, therefore, no impact assessment is required.
- 9.2. There is no requirement for consultation on the content of the report.

Paul Manning

Executive Director (Finance and Corporate Resources)

17 May 2016

Link(s) to Council Objective

- Promote Performance Management and Improvement

Previous References

- None

List of Background Papers

- Audit Scotland Report 'An overview of local government in Scotland 2015'

Contact for Further Information

If you would like to inspect the background papers or want further information, please contact:-

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