

# Report

Report to:	<b>Performance and Review Scrutiny Forum</b>
Date of Meeting:	<b>8 December 2020</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Audit Scotland Report - Local Government in Scotland Overview 2020</b>
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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 'Local Government in Scotland: Overview 2020' published in June 2020

## 2. Recommendation(s)

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

- (1) that the key messages and recommendations be noted.

## 3. Background

- 3.1. In June 2020 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.
- 3.2. The report was produced prior to the Coronavirus pandemic and was issued "after careful consideration" because even though the world in which councils are operating has dramatically changed in the last few months, the Commission believes the report still contains important messages which will be helpful as part of the recovery.
- 3.3. This report provides a summary of the Local Government in Scotland Overview document.

## 4. Report Content and Key Messages

4.1. The report is divided into 3 main sections:-

- ◆ **The challenges.** This section analyses the challenges facing local government across a number of "landscapes" – political and economic; community needs; policy; and financial. Topics covered include:-
  - ◆ COVID-19 pandemic
  - ◆ withdrawal from EU
  - ◆ Scotland's changing economic situation
  - ◆ population growth, within which 65+ group is growing and % of children decreasing

- ◆ rising poverty levels
  - ◆ The National Performance Framework
  - ◆ The Fairer Scotland Duty
  - ◆ Health and Social Care Integration
  - ◆ Increasing cost pressures
  - ◆ Managing the funding gap
- ◆ **Doing things differently.** This section looks at where councils need to plan and implement changes that will allow them to meet the needs and improve the outcomes for their communities, in an increasingly challenging context. The core aspects that need to be considered by political and management leaders include:-
- ◆ Leadership
  - ◆ Change and improvement
  - ◆ Workforce planning
  - ◆ Partnership working
  - ◆ Community empowerment and engagement
- ◆ **Service case study focusing on planning.** The final section looks at Planning Services as an example of a service that has been significantly affected by reduced budgets and staff numbers in recent years, while at the same time being an important service supporting delivery on national policy outcomes such as inclusive, sustainable economic growth and protecting and enhancing the environment.

4.2. There are a number of key messages noted within the report, reproduced below. With respect to the 3.9% increase in funding within the second bullet point, Forum may wish to note that this includes funding for additional duties and commitments.

- ◆ Councils are working hard to deliver services to their communities, but the context they are working in is increasingly uncertain and complex. Demographic and social change is creating demand for services, while the strain on budgets continues to intensify. National policy commitments are increasing and the stresses on other public and third sector partners add to the difficulties in delivering services. The cumulative effect of these pressures on councils is beginning to show across service performance and use of financial reserves
- ◆ Scottish Government revenue funding to councils has reduced in real terms over the period 2013/2014 to 2020/2021 by 3.3%. Since 2017/2018, however, it has increased by 3.9% in real terms, to £10.7 billion in 2020/2021. This does not include additional funding in response to the COVID-19 pandemic. The strain on budgets is evident as councils continue to dip into their reserves to make ends meet. Medium-term funding levels are uncertain, making continued use of reserves to manage the funding gap unsustainable. Long-term financial planning is not well enough developed in many councils and in integration joint boards. Medium and long-term financial planning are important tools for making well-informed decisions and to effectively manage continuing financial challenges
- ◆ Alongside the uncertainty of funding levels, the scale and complexity of the challenges for councils and integration joint boards will continue to grow in the coming years. Change is needed in how they serve their communities, so that they are able to respond to the needs and improve outcomes for people into the future, in the most efficient and effective ways. More radical thinking is needed for longer-term solutions. It requires investment of time and capacity by political and management leaders, to analyse the range of challenges for the area,

develop the thinking and planning for the medium and longer term. This is difficult, in already demanding roles, but this investment is important

- ◆ Councils alone cannot improve outcomes for communities and achieve local priorities. The full potential of collaborative working with partner organisations and communities is not yet being realised. More progress is needed. Councils need to demonstrate strong leadership and collaborate with partners, including integration joint boards, NHS boards, the voluntary and private sectors, and their local communities. This is essential if they are to make best use of local resources, including the workforce, and demonstrate Best Value
- ◆ Workforce planning is fundamental to ensure that councils have the staff, skills and leaders they need to deliver change. Some progress has been made to improve workforce planning, but much more needs to be done. As the workforce ages, councils need to be more flexible and agile in how they deploy staff, work with partners and attract younger people to work in local government and respond to specific skills gaps. This also requires comprehensive workforce data and planning.

4.3. The report contains several **recommendations** for councils. These are listed below, together with an assessment of the position in South Lanarkshire Council:-

## Governance

Councils and integration joint boards need to:	SLC position
<ul style="list-style-type: none"> <li>◆ invest leadership capacity in analysing the challenges and planning for the future, including:- <ul style="list-style-type: none"> <li>◆ plans for how services will be delivered that reflect the scale of the challenges ahead and will deliver demonstrable improvement in outcomes for communities</li> </ul> </li> <li>◆ putting in place and continuing to develop medium and long-term financial planning that will inform ongoing review and implementation of plans for change</li> </ul>	<p>Work has been continued and expanded through the neighbourhood planning process, with the development of new locality planning structures to escalate shared priorities and challenges. This will shape the direction of service delivery alongside supporting communities to take the actions they can for themselves, with the ongoing focus remaining on outcome improvement. This will need difficult political decisions on priorities and which services are disinvested from.</p> <p>The Council prepares long term financial plans, covering 10 years, which identifies the key risks and opportunities facing the Council over the coming years. This helps inform the financial agenda for change in the organisation</p>
<ul style="list-style-type: none"> <li>◆ monitor and report on delivery of local priorities and outcomes while improving public performance reporting</li> </ul>	<p>Reports are prepared twice a year (at Q2 and Q4) against the priorities in the Council Plan Connect. At a Community Planning Partnership level there is an annual progress report on the outcomes within the Community Plan</p> <p>Public Performance Reporting is kept under review, with recent enhancements including Family Group analysis of the LGBF and the</p>

	further development of Annual Performance Spotlights which present information via infographics and accessible trend and target graphics
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## Collaboration

Councils and integration joint boards need to:	SLC position
<ul style="list-style-type: none"> <li>◆ maximise the potential of collaborative working by:- <ul style="list-style-type: none"> <li>◆ working alongside partners to improve community planning partnerships, so that they have a clearer strategic direction and take a more active role in leading local partnership working</li> </ul> </li> </ul>	<p>The implementation of the Community Planning Partnership review and engagement work to identify current priorities for both Council and Community Plans will improve the strategic leadership from the Board and their links to the new locality partnerships which are being established</p>
<ul style="list-style-type: none"> <li>◆ engaging with other councils, partners and communities in developing plans to improve and change the way services are delivered</li> </ul>	<p>There is a clear direction of travel in South Lanarkshire around building and strengthening partnerships at strategic, locality and neighbourhood level. Communities will continue to be engaged through the expanding neighbourhood planning process to give them ownership over improvement plans and a direct influence on service delivery</p> <p>Tools and good practice in other councils are identified and shared through the Change Managers Network which is facilitated through the Improvement Service and has membership from all 32 Councils in Scotland.</p> <p>Other examples of collaborative work include the council's engagement with the Regional Improvement Collaborative, Scotland Excel, and work with the Digital Office for Scottish Local Government.</p>
<ul style="list-style-type: none"> <li>◆ increase the opportunity for communities to influence or take control of local decision-making and, demonstrate how communities are supported to help design or deliver local services and improve outcomes</li> </ul>	<p>In addition to work on neighbourhood plans, Participatory Budgeting activities give communities opportunities to influence decision-making and help design local services</p> <p>A Members Awareness session for Elected Members on Participatory Budgeting took place in August 2019 and a report was taken to the Executive Committee in June 2020</p>

	<p>The Standards and Procedures Advisory Forum has agreed appropriate governance structures around participatory budgeting.</p> <p>Opportunities for service co-production have been taken forward – e.g., the redesign of throughcare and aftercare services involving children and young people.</p> <p>SLC is also looking to develop a Community Wealth Building strategy which will take a people-centred approach to local economic development and community wellbeing.</p>
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## Capacity and Skills

Councils and integration joint boards need to:	SLC position
<ul style="list-style-type: none"> <li>♦ develop leadership capacity and workforce planning arrangements including:- <ul style="list-style-type: none"> <li>♦ effective succession planning and capacity development for leadership positions</li> </ul> </li> </ul>	<p>Introduction of a Leadership Challenge Programme to facilitate transformational Leadership has not yet been implemented due to COVID19. Programme delivery method will be adapted as a blended learning approach</p> <p>Our Development Programmes have been replaced with an individualised learning approach delivered by a blended learning approach. This revised framework also provides an opportunity for employees at all levels, to access optional accredited management qualifications.</p>
<ul style="list-style-type: none"> <li>♦ approaches to increase the uptake of learning and development opportunities by Councillors, to ensure that they are equipped to respond to the challenging context and their role in planning for the future</li> </ul>	<p>Training needs analysis is designed to inform Elected Members programme of training and briefings which includes individual learning choices and methods of preferred learning</p> <p>COVID-19 has impacted on this year's planned programme, however, alternative e-solutions have been implemented to ensure that Elected Members have continued access to learning and development opportunities. Examples from this year's programme include Local Development Plan and climate change awareness, e-briefings and webinars on subjects from Participatory Budgeting to the operation of Childcare Hubs.</p>

<ul style="list-style-type: none"> <li>♦ improving the quality and range of workforce data to give a comprehensive profile of the current organisation-wide workforce</li> </ul>	<p>To supplement our existing data, we are in the process of recruiting a “Power BI” expert, in order to develop granular employment dashboards for managers. Power BI is a software tool for creating dashboards for data to improve business intelligence</p>
<ul style="list-style-type: none"> <li>♦ using this comprehensive workforce data to:- <ul style="list-style-type: none"> <li>♦ <i>identify and address skills gaps, including those related to lack of capacity or the age profile of staff</i></li> <li>♦ <i>plan for the skills required to deliver services, both now and in the future, including using skills from the third and private sectors, with a greater focus on collaborative and flexible working</i></li> </ul> </li> </ul>	<p>The new dashboards will provide more detailed workforce planning information and inform the Learning and Development Boards when considering skills gaps</p> <p>We are also looking at options for replacing/upgrading the existing Human Resources Management System</p>

## Services

Councils and integration joint boards need to:	SLC position
<ul style="list-style-type: none"> <li>♦ consider how the recommendations above relate to each service</li> <li>♦ For Planning Services this specifically includes:- <ul style="list-style-type: none"> <li>♦ ensuring the role of Chief Planning Officer is positioned to contribute at a strategic level to corporate level discussion and planning</li> </ul> </li> </ul>	<p>The requirement of each local authority to designate a Chief Planning Officer as part of the Senior Management Team was included in the 2019 Planning Act (Scotland) but secondary legislation has been delayed due to the Pandemic. The reports to Planning Committee have assumed that this role/title would go to the Head of Planning and Economic Development. The postholder is a Head of Service and a member of a range of corporate groups to ensure that Planning is seen as a vital legislative tool to drive development and economic development especially when the Council is acting as a developer</p>
<ul style="list-style-type: none"> <li>♦ developing detailed workforce planning and strategies that will respond to the changing skills needs of the service and consider at a national level how collectively the limited availability of planning professionals can be addressed</li> </ul>	<p>National shortage identified in a number of professional areas, including Planning, Environment Health and Building Standards</p> <p>Society of Personnel and Development Scotland (SPDS) professional network led by South Lanarkshire Council, is working nationally on these areas</p>

♦ providing effective leadership to staff for the cultural changes needed to respond to the shift in focus for this service	Using tools and good practice identified through the Change Managers Network, the Council will support senior managers to lead the cultural shift in the service
♦ implementing changes to how the service works to improve the level of partnership working and community engagement	Renewed strategic focus at partnership level will create a culture of supportive challenge, where services can be adapted to ensure that communities are engaged in design and delivery and the added value of partnerships is recognised in planning for change

## **5. Next Steps**

5.1. The Forum is asked to note the contents of this report.

## **6. Employee Implications**

6.1. There are no direct employee implications.

## **7. Financial Implications**

7.1. There are no direct financial implications.

## **8. Climate Change, Sustainability and Environmental Implications**

8.1. There are no implications for climate change, sustainability or the environment in terms of the information contained in this report.

## **9. Other Implications**

9.1. Considering the detail of the report and identifying actions as appropriate contribute towards effective risk management.

## **10. Equality Impact Assessment and Consultation Arrangements**

10.1. 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.

10.2. There is no requirement for consultation on the content of the report.

**Paul Manning**

**Executive Director (Finance and Corporate Resources)**

4 November 2020

## **Link(s) to Council Values/Ambitions/Objectives**

♦ Promote Performance Management and Improvement

## **Previous References**

♦ Performance and Review Scrutiny Forum, 18 June 2019

## **List of Background Papers**

♦ Audit Scotland Report 'Local Government in Scotland: Overview 2020'

**Contact for Further Information**

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

Tom Little, Head of Communications and Strategy

Ext: 4904 (Tel: 01698 454904)

E-mail: [Tom.Little@southlanarkshire.gov.uk](mailto:Tom.Little@southlanarkshire.gov.uk)