

# Report

Report to:	<b>Risk and Audit Scrutiny Forum</b>
Date of Meeting:	<b>21 March 2018</b>
Report by:	<b>Executive Director (Finance and Corporate Resources)</b>

Subject:	<b>Audit Scotland Report: Performance and Challenges 2017</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 'Performance and Challenges 2017'.

## 2. Recommendation(s)

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

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

## 3. Background

3.1. Audit Scotland publishes an overview report each year on behalf of the Accounts Commission, covering 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 3 parts, namely:

- Part 1: The current and future challenges for councils
- Part 2: Councils' responses to the challenges, including performance in key service areas, public satisfaction and unit costs
- Part 3: Looking ahead – what more councils can do to ensure they are best placed to successfully manage the changes and challenges they face

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, helping them "stand back and assess their council's progress".

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

- Councils have faced significant challenges from a long-term decline in revenue funding and from an ageing and growing population. The scale of these challenges continues to grow. Policy and legislative changes are also placing additional demands on councils and changing how councils work
- Councils are responding to the challenges by continuing to adopt alternative ways of working, reducing the level of service they provide and reviewing fees and charges. While some Councils are making good progress in managing services and delivering savings, others are not. The pace and scale of reform needs to increase in some councils. Despite these challenges, councils' performance has been maintained or improved

- With reducing budgets and workforces, councils will find delivering improvements increasingly difficult. It is critical, therefore, that they set clear long-term strategies and plans that target effort on priority areas. This includes organisation-wide workforce plans to ensure councils have the capacity to manage change and deliver services going forward. A councillor's role is complex, demanding and evolving. They are required to provide effective and strategic leadership, and it is therefore, critical that their knowledge is up to date and skills are refreshed to enable them to establish strategic priorities, fully assess options for change and hold services to account

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

Councils should:	SLC position
<p>Set clear priorities supported by long-term strategies and medium-term plans covering finances, services, performance and workforce. These plans should inform all council decision-making, service redesign, savings and investment decisions.</p>	<p>The council is developing a new strategic plan for the period 2017-2022. This will be one of the most important documents produced by the council, setting out our vision, values and ambitions, and stating publicly what we hope to achieve in order to improve outcomes for local people. The Council Plan will provide a framework which informs all council decision-making, both in terms of annual Resource and Service Plans and in terms of service redesign and resource allocation decisions.</p> <p>The council also has a 3 Year Revenue Budget Strategy that runs until the end of 2018/19, 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. This medium to long term strategy will be updated before the end of the financial year.</p> <p>A strategic workforce plan has been developed for the period 2016-2019.</p>
<p>Ensure that budgets are clearly linked to their medium-term financial plans and long-term financial strategies. Budgets should be revised to reflect true spending levels and patterns. This requires good financial management and real-time information to ensure spending is accurately forecast and monitored within the year.</p>	<p>As noted above, the council has a 3 Year Revenue Budget Strategy that runs until the end of 2018/19, 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.</p> <p>Elected 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>Have an organisation-wide workforce plan to ensure the council has the people and skills to manage change and deliver services into the future.</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>The Workforce Planning Strategy was approved at the Executive Committee of the Council on 13th April 2016.</p> <p>The Workforce Plan is supported by a range of policies to support the change processes. In particular, to support instances where redeployment may be required as an outcome of workforce planning or efficiency process, 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>
<p>Ensure workforce data allows thorough analysis of changes to the workforce at an organisation-wide and department level. This will allow councils to better assess the opportunities and risks in staff changes.</p>	<p>Resource specific workforce plans are now in place and will be updated annually to take account of changing circumstances</p>
<p>Thoroughly evaluate all options for change and service redesign, including options for investing to save, and monitor the impact of change on council priorities and desired outcomes.</p>	<p>The council has a comprehensive programme of service reviews which examine options for change, service redesign and opportunities for efficiencies. Impact assessments are carried out on reviews prior to implementation and impacts are monitored through ongoing performance management and reporting through Resource and service planning.</p>

<p>Support communities to develop their ability to fully participate in setting council priorities and making decisions about service redesign and use of resources.</p>	<p>The South Lanarkshire approach to community participation and empowerment is underpinned by the principles contained within the national standards for community participation and engagement, which were refreshed in 2016.</p> <p>Communities have a wide range of opportunities to be consulted on council priorities, including on the Council Plan, the budget consultation process, and consultation on the forthcoming LOIP.</p>
<p>Ensure councillors get support to develop the right skills and knowledge to fulfil their complex and evolving roles.</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 present their Local Plans to the Council's Executive Committee for approval and 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 Improvement Service training materials was made available to new and returning members following the Local Government Elections in May 2017.</p> <p>Finance services have delivered training, and Members have also received externally provided finance training from Cipfa. Members of the Risk and Audit Scrutiny group are also receiving training over multiple sessions including one run by Audit Scotland.</p>

<p>Ensure there is clear public reporting of performance linked to council priorities to help communities gauge improvements and understand reduced performance in lower priority areas.</p>	<p>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. The Local Government Benchmarking results are also published on the website each year, together with narrative which explains the trends and how the information might be interpreted.</p>
<p>Continue to work to understand the reasons for variation in unit costs and performance, and collaborate to identify and adopt good practice from each other.</p>	<p>Benchmarking results, which include many unit cost measures, are reported regularly to councillors – both at Executive Committee and at the Performance and Review Scrutiny Forum.</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 Performance and Review Scrutiny Forum.</p>

#### **4. Employee Implications**

4.1. There are no direct employee implications.

#### **5. Financial Implications**

5.1. There are no direct financial implications.

#### **6. Other Implications**

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

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

7.1. 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.

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

**Paul Manning**

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

1 March 2018

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

- Ambitions, Self Aware and Improving

**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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