

Report

Report to:	Risk and Audit Scrutiny Committee
Date of Meeting:	6 December 2022
Report by:	Executive Director (Finance and Corporate Resources)

Subject:	Audit Scotland Report: Local Government in Scotland Overview 2022
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1. Purpose of Report

1.1. The purpose of the report is to:-

- ♦ provide the Committee with a summary of the Audit Scotland Report 'Local Government in Scotland: Overview 2022' published in June 2022

2. Recommendation(s)

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

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

3. Background

- 3.1. In June 2022 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 latest Local Government Overview (LGO) is the second in a series of reports reflecting on the evolving and long-term nature of the impact of Covid-19. The 2021 report considered the initial response phase of the pandemic from March 2020 to February 2021, while the present report (2022) looks at the second year of the pandemic from March 2021 to February 2022.
- 3.3. The latest report builds on last year's LGO and assesses:-
- ♦ the ongoing impact of Covid-19 and councils' progress towards recovery and renewal
 - ♦ how councils are positioned to address long-term priorities including climate change, inequality and public service reform
 - ♦ how effectively council leadership is managing recovery and renewal
- 3.4. This report provides a summary of the Local Government in Scotland Overview document along with a council position in relation to the recommendations within the LGO.
- 3.5. To accompany the LGO the Accounts Commission has prepared a checklist of questions for Elected Members to consider, attached at appendix 1 to this report. The questions cover much the same ground as the recommendations within the Overview.

4. Key messages

4.1. The report contains six key messages:-

- ◆ **Councils have had a very difficult year.** Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.
- ◆ **The challenging context means collaborative leadership is more important than ever.** Councils are operating in a difficult and uncertain strategic context and face longer-term financial pressures, a lack of certainty and flexibility over long-term funding, and the prospect of major service reforms. This challenging context needs local government leaders skilled in effective strategic thinking, decision-making and collaborative working, and able to learn lessons from new ways of working. Collaborative leadership is more important than ever as councils work with partners, communities, and citizens to support recovery and improve outcomes.
- ◆ **Pressure on the local government workforce continues.** Councils are continuing to experience high absence levels. Impacts on staff wellbeing and skills shortages, particularly in front-line workers, have also been noted. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Workforce plans will need to be updated, considering lessons learned from new ways of working. Wellbeing support for the workforce must also continue.
- ◆ **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 not all services are back at pre-pandemic levels so 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. Recovery and renewal should also reflect the wider ambitions of the public service reform agenda. Service delivery and partnership working. The adaption of service provision and working with partners.
- ◆ **The early response showed what could be achieved by working closely with communities and the voluntary sector.** This momentum may be lost if communities and the voluntary sector are not involved in shaping recovery. Flexible governance and decision-making structures will be needed, as will opportunities for more local participation.
- ◆ **Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements.** Data has been important in guiding the response to the pandemic but there are key areas where a lack of data could hamper recovery, such as unmet needs, service demands and backlogs. Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

5. Key themes and messages

5.1. The report is structured around three main themes on which progress towards recovery and renewal depends:-

- ◆ Responding to the external environment
- ◆ Organising the council
- ◆ Meeting local needs

5.2. Responding to the external environment:-

- ◆ Councils have to respond to a large and complex programme of reform, including social care reform, and the impacts of departure from the EU.
- ◆ The impact of the pandemic sits against a backdrop of long-standing and growing demographic pressures and a growing cost of living crisis that will affect demand for council services.
- ◆ Climate change is recognised by councils as an urgent issue. They have committed to taking action to achieve net zero, but clearer plans are needed to achieve it.
- ◆ Challenges for councils include uncertainty over funding and continuing demands arising from Covid.
- ◆ This uncertain and challenging context needs effective strategic thinking, decision-making and collaborative working from local government leaders. It also needs a resilient workforce, and a culture that promotes collaboration, innovation and wellbeing.

5.3. Organising the Council – leading recovery and renewal:-

- ◆ Leaders in local government face a challenging context. As they plan for recovery and renewal it will be important that they collaborate with their partners and communities. This will need skilled leadership, learning lessons from the pandemic and working to make the best use of resources to improve outcomes.
- ◆ Councils prepared recovery plans in response to the pandemic, and leaders are now starting to plan and set out their vision and strategy as their councils navigate the uncertainties and challenges they face.
- ◆ There are good examples of councils showing leadership in tackling long-standing structural issues through new place-based initiatives such as community wealth building.
- ◆ Collaborative leadership skills have been important during the response phase and need to be maintained to meet the complex challenges ahead.
- ◆ Changes and turnover in senior officer and political leadership present a risk to councils' capacity to maintain momentum and drive forward recovery.
- ◆ As governance structures are re-established, better information is needed on service recovery to support scrutiny and inform decision-making.
- ◆ Councils recognise that they have an opportunity to learn lessons from the new ways of working and approaches to service delivery that have been put in place in response to the pandemic.
- ◆ Data has been important in guiding the response to the pandemic. But improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements.

5.4. Organising the Council – managing resources:-

- ◆ Councils' finances have been significantly affected by Covid-19. The long-term funding position remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of the pandemic on their services, finances, and communities.
- ◆ Covid-19 significantly impacted on many aspects of councils' finances in 2020/2021.

- ◆ Funding to local government has been reduced in real terms since 2013/2014. The rest of the Scottish Government budget has seen an increase in funding over the same period.
- ◆ The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial
- ◆ Councils now need to review longer-term financial plans as Covid-19 uncertainty diminishes. They should ensure that financial plans are clearly linked to overarching recovery strategies.
- ◆ As Covid-19 funding ends, councils will need to adapt and make difficult decisions to maintain financial sustainability.
- ◆ While COSLA and the Scottish Government continue to discuss the extent of ring-fencing in the local government budget, it is clear that spending on priority areas have increased while other areas of the local government budget have faced spending cuts.
- ◆ Covid-19 has impacted on capital projects and volatility in capital funding allocations could affect councils' recovery and investment plans.

5.5. Organising the Council – managing the workforce:-

- ◆ Pressure on the local government workforce continues, with high absence levels, impacts on wellbeing, particularly for front-line workers, and skills shortages in key areas. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Councils will need to update workforce plans, learn lessons from new ways of working put in place, and provide wellbeing support for their staff.
- ◆ The second year of the pandemic continues to have a negative impact on the workforce and staff wellbeing.
- ◆ Councils are facing skills shortages and recruitment difficulties in key areas, and the pandemic has made workforce planning both more difficult and more necessary.
- ◆ However, Councils have adopted new ways of working with good results.

5.6. The report's **recommendations** in respect of “organising the council” are shown below, with an assessment of the council's position and any action considered necessary.

Recommendation	SLC position and action proposed if required
Councils together with their partners and communities should revise their strategic plans, including Local Outcomes Improvement Plans to realign priorities and provide a roadmap for recovery and renewal. They should also consider how this contributes to the national recovery strategy set out by the Scottish Government.	In 2021-22 the council and the CPP reviewed their strategic plans, with the council developing a new 5-year strategic Plan, Connect 2022-27, while the CPP refreshed the Community Plan (Local Outcomes Improvement Plan). Both plans are built around a shared vision to improve the lives and prospects of everyone in South Lanarkshire. Both plans align actions to a common set of key themes and outcomes, with People, Progress and Planet forming the core priorities for both Plans. This places recovery and renewal at the heart of what we do, by putting people first and working

	together towards a sustainable future in sustainable places.
Elected members and senior managers need to work together to drive change, make decisions and deliver recovery and renewal.	As well as Regular dialogue taking place between chief executive and political group leaders, and executive directors and their resource committee chairs, members awareness sessions and briefing notes are issued so that decision making on plans, strategies and policies and other decisions to deliver recovery and renewal are informed by advice and assistance from senior managers.
Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.	Refreshed workforce plans, including leadership and succession planning are complete. Plans are going through the committee cycle post recess. Induction programme for elected members in place.
Councils' governance arrangements should ensure that their elected members have sufficient information to support the scrutiny and decision-making needed for recovery and renewal	Regular meetings are held with the Administration political group leaders, members awareness sessions are arranged and briefings are issued to all members as appropriate. Committee reports are sufficiently detailed to inform members and include employee, financial, and risk implications. PSSED and Fairer Scotland duty impact assessments are carried out, as appropriate, and are available for members information. Executive Committee reports are made available to all members and members are encouraged to submit questions in advance of committees if they require further information on any item on the agenda to aid scrutiny and inform decision making.
Councils need to clearly set out how they are evaluating new service models and learning lessons from the response to Covid-19	The council has a programme of transformational reviews, including learning from required service changes through Covid.
Councils should have a clear plan for developing the use of data in their councils, this includes data skills, data standards and data tools.	SLC Digital Strategy, approved in June 2022, describes how improved use of data across the council will facilitate service improvement, efficiencies and digital inclusion. A critical aspect of this strategy is the requirement to upgrade council systems and deliver a data infrastructure which will enhance data quality, availability and security. This, in turn, will enable standard tools such as self-service, management reporting and analytics to be rolled out. The strategy also notes that, to successfully digitally

	transform, a programme of upskilling of staff will be required.
Councils must ensure that financial plans and overarching recovery strategies and actions are clearly aligned, including funding to deliver on their duty to address inequalities.	The council received a report in June on the budget position with a fuller strategy to follow. The position in relation to spend on Covid was reported to Committees throughout 2021/22.
Councils must have clear plans for management of reserves	The council's accounts provides details of the reserves held by the council and the reasons for these. Financial strategies also provide an update on the strategy for reserves.
Councils should update their workforce plans to build on lessons learned, address skills gaps and build a resilient workforce for the future. This will include monitoring the wellbeing of the workforce, and the effectiveness of health and wellbeing initiatives.	Refreshed workforce plans, including lessons learnt are complete. Plans are going through the committee cycle post recess. Wellbeing is monitored and refreshed initiatives in place following evaluation.

5.7. Meeting local needs - impact of Covid-19 on services and inequality:-

- ◆ The Covid-19 pandemic continues to affect council service delivery, but a lack of clarity on demand, unmet need, and service backlogs makes the full extent of the effect unclear.
- ◆ Councils have worked hard and adapted to maintain delivery of key services. Digital delivery has expanded but brings with it the risk – for some – of increased digital exclusion.
- ◆ The extent to which councils have assessed and can evidence the impact that Covid-19 related service changes and disruption have had on different groups and citizens in their local areas is unclear.
- ◆ The impact of the pandemic and service disruption has been felt most strongly by those communities and citizens already experiencing inequalities.
- ◆ While councils recognise the disproportionate impact the pandemic has had on different groups, they need to learn lessons from taking early action and assess the impact of service disruption to address longer-term impacts.
- ◆ Some councils are using lessons learned from the pandemic to improve how they tackle vulnerability and inequality.
- ◆ Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

5.8. Meeting local needs - collaboration and communities:-

- ◆ Collaboration has enabled new relationships and more effective ways of working but communities and local partners need to be more involved in recovery.
- ◆ There is limited evidence of direct community input driving recovery actions and more needs to be done.
- ◆ Voluntary sector organisations are facing pressures that could threaten their ability to deliver services to vulnerable people who rely on them.
- ◆ Councils worked well with their community planning partners in the response phase, but they need clearer plans for the future.

- 5.9. The report's **recommendations** in respect of "meeting local needs" are shown below, with an assessment of the council's position and any action considered necessary.

Recommendation	SLC position and action proposed if required
<p>While some progress has been made in improving the use of data in decision-making, councils need to have a clear sense of where increased demand and service backlogs exist so that they can identify areas of high risk and direct resources accordingly. This information also needs to be more transparent and publicly available.</p>	<p>The council produces a range of data about South Lanarkshire and the communities within it. Data can be obtained at a local level and analysis of socio-economic statistics including deprivation (SIMD) are publicly available to view via maps, tables and charts on the council's website.</p> <p>Council services utilise a wide range of service metrics and performance information to monitor demand and performance levels. Many of these are publicly available through performance reports on the Resource Plans and through the Public Performance Reporting pages on the council's website.</p>
<p>A key priority for councils' recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.</p>	<p>The council is keeping abreast of current research to ensure our response is timely and effective. The changing labour market/employability needs and possible methods of addressing these are examples of using local data to improve understanding and supports.</p>
<p>Where councils plan to continue with the changes made to services during the pandemic, they need to conduct impact assessments and consult the community. With the expansion of digital services, councils need to assess and mitigate the impacts of digital exclusion.</p>	<p>Since prior to the pandemic, the Council has established a Digital Inclusion Sub-Group chaired by the Head of IT. The group has representatives from all Council Resources, SLLC and 3rd sector organisations providing services to citizens in South Lanarkshire. The sub-group's remit is to identify and mitigate causes of digital exclusion, including lack of access to the internet, lack of skills or financial factors. Funding has been allocated for devices for vulnerable citizens and to provide public wi-fi in neighbourhood planning areas. The sub-group also provides input to the council's digital strategy to ensure that, as new technologies are introduced, consideration is given to ensure that people are not digitally excluded.</p> <p>Equality Impact Assessments underpin key decisions and consultation takes</p>

	place regularly. Digital exclusion is being addressed in a number of ways, with devices distributed through programmes in Education and Employability
Councils need to ensure that partnership working forged in the pandemic with their communities, partners and the voluntary sector remains in place. They also need to learn what made it work and harness this to transform future engagement. The momentum and energy from communities may be lost if public bodies don't capitalise on what has been achieved.	The council has worked to maintain the networks which were developed throughout covid, supporting communities to work together and helping them access resources to do so where needed. The development of Community Partnerships is helping to accelerate this work, and our TSI is developing locality groupings of third sector organisations. A new Volunteering Strategy is in development and due for completion soon, which will help to support communities and the voluntary sector to continue to work in partnership with the public sector by identifying and removing barriers and offering assistance where needed.

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 Climate Change, Sustainability and Environmental implications relating to 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.

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28 October 2022

Link(s) to Council Values/Priorities/Outcomes

♦ Accountable, Effective, Efficient and Transparent

Previous References

- ◆ None

List of Background Papers

- ◆ Audit Scotland Report 'Local Government in Scotland: Overview 2021'

Contact for Further Information

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

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