
Report To:	Policy and Resources Committee	Date:	21 May 2019
Report By:	Head of Organisational Development, Policy & Communications	Report No:	HR/10/19/LMcV
Contact Officer:	Louise McVey	Contact No:	01475 712042
Subject:	Accounts Commission Report – Challenges and Performance 2019		

1.0 PURPOSE

- 1.1 The purpose of this report is to bring to the Policy and Resources Committee's attention the publication of the Accounts Commission Report: Local Government in Scotland, Challenges and Performance 2019 and to highlight relevant matters and seek approval for any actions arising.

2.0 SUMMARY

- 2.1 The Accounts Commission published its annual report covering the challenges and performance in Local Government on 21 March 2019.
- 2.2 The Accounts Commission Report sets out current and future challenges, how councils are responding to these challenges, the impact on performance in key services areas and the increasing financial pressure facing Local Government in Scotland.
- 2.3 The report findings are that councils across Scotland have continued to work hard to maintain services to their communities despite the increasing challenges and pressures; that transformational changes are needed in service provision and that there needs to be a focus on how services are best delivered to communities and, in particular, how councils protect and empower the most vulnerable members of those communities.
- 2.4 In line with previous practice, the CMT has reviewed the report, the questions posed and issues raised. The full collated response report is attached as Appendix 1. The full Local Government in Scotland Challenges and Performance 2019 report is attached as Appendix 2.

3.0 RECOMMENDATIONS

- 3.1 It is recommended that the Committee:

- Notes the content of the Accounts Commission Report – Local Government in Scotland Challenges and Performance 2019 and approves the Action Plan in Appendix 1.

Louise McVey
Corporate Policy, Performance and Partnership Manager

4.0 BACKGROUND

- 4.1 The Accounts Commission annual report covering the challenges and performance of Local Government was published on 21 March, 2019. The full report is provided in Appendix 2.
- 4.2 In line with previous practice, the CMT has reviewed the report, the questions posed and issues raised. The report is now submitted to the Policy and Resources Committee for consideration. The full collated response report is attached as appendix 1.

5.0 KEY MESSAGES AND COMMENT

- 5.1 The report highlights the challenges for councils in responding to an increasingly complex policy agenda, whilst dealing with a high degree of uncertainty. With increased uncertainty, scenario planning with medium and longer term planning becomes increasingly important. Exhibit 1 in the report provides details of the policy and legislative changes affecting local government, including the impact of events such as EU withdrawal.

The Committee receives regular reports on the main policy and legislative changes and these are captured in CDIPs and where appropriate in the Finance Strategy. Regular reports on Brexit have been taken to the CMT and Committee. General budget uncertainty is covered in the Council's risk management and approach to budget setting.

- 5.2 Part 2 of the report focusses on the main considerations for councils and how they are responding to the needs of the people who use their services, as well as being more efficient and dealing with the pressure to increase income. It highlights that change through transformation to services and functions of the council requires strategic leadership, planning and good governance. Transformation activity does not have to change everything at once; it can deliver change incrementally and should be considered in strategic planning and outcome priorities.

The Council has an approved approach to identifying, managing and monitoring transformation projects via Delivery Differently. The Council has an approved process of regular scrutiny by DMTs, the CMT and an annual report to Committee.

- 5.3 Despite facing challenges, part 3 of the report highlights that the Local Government Benchmarking Framework (LGBF) performance indicators have improved slightly or remained stable since 2010/11. However, this year there is some evidence that performance improvement in relation to the LGBF is slowing down for the first time. Exhibit 6 of the report illustrates changes in performance measures for Scotland's outcomes between 2013 and 2017 whilst exhibit 7 provides information of performance against selected indicators 2010/11 to 2017/18.

A comprehensive report setting out performance in relation to the LGBF is considered by the CMT and the Policy and Resources Committee. In addition to this, an all-Member briefing was held in March 2019 to give all Elected Members an opportunity to scrutinise LGBF performance.

Improvement activity associated with the LGBF is taken forward through the improvement plans in the CDIPs.

The impact on individual performance measures and the overall LGBF performance is reported to Members via the annual LGBF report and the Corporate and Directorate performance reports.

- 5.4 Finally, the report also highlights according to the Scottish Household Survey 2017 public satisfaction has fallen for another year.

This is a national trend and levels also fell for the majority of LGBF satisfaction indicators

in Inverclyde. The Scottish Household Survey however, focuses on a small number of respondents and the Council also establishes satisfaction levels with Council services through the Citizens' Panel, which is a more reliable measure of satisfaction.

The Council operates a range of measures to engage with the public and reports the results with associate commentary to Committee. Community engagement will continue to identify and act upon any specific concerns.

6.0 ACTION PLAN

- 6.1 Within the report questions are posed for members/officers to consider. These have been collated within Appendix 1 of this report.
- 6.2 Where actions are identified these will be tracked, updated and reported within the relevant governance structures.

7.0 IMPLICATIONS

7.1 Financial Implications:

One off costs

Cost Centre	Budget Heading	Budget Year	Proposed spend from this report	Virement from	Other Comments
N/A					

Financial implications: Annually recurring costs

Cost Centre	Budget Heading	Budget Year	Proposed spend from this report	Virement from	Other Comments
N/A					

7.2 Legal

The Head of Legal & Property Services has been consulted in the development of this report.

7.3 Human Resources

There are no HR implications associated with this report.

7.4 Equalities

Equalities have been outlined and reflected throughout the responses within the report.

7.5 Repopulation

Population is a priority for Inverclyde Alliance and partnership working is reflected throughout the responses of the report.

8.0 CONSULTATION

8.1 Members of the Corporate Management Team were consulted in the development of this report.

9.0 LIST OF BACKGROUND PAPERS

9.1 None.

Appendix 1

Accounts Commission - Local government in Scotland – Challenges and Performance 2019

Part 1 - The Context For Councils		Current Position	Further Action/By Whom	Target Date
	Issues Raised for Members			
1.	Have you considered how policy and legislative change will affect how your council operates?	Committee receive regular reports on the main policy and legislative changes these are captured in CDIPs and where appropriate in the Finance Strategy.	Head of Legal and Property Services/ Corporate Director Education, Communities and Organisational Development	On Going
2.	What scenario planning has your council done for events such as EU withdrawal and increasing budget uncertainty?	Regular reports on Brexit have been taken to CMT and Committee. General budget uncertainty is covered in the Council's risk management and approach to budget setting.	Corporate Director Environment, Regeneration and Resources	On Going
3.	Are you clear what Community Empowerment involves and what it means for your Council?	The Community Empowerment (Scotland) Act 2015 provides a mechanism whereby certain community bodies can make request to certain public authorities, including the Council, for a transfer to them of an interest in land or buildings owned or leased by the authority, which the body feel they could make better use of this Asset Transfer was approved by Inverclyde Council on Inverclyde Council is working towards creating a Community Food Growing Strategy by 1 April 2020 through the Environment Partnership.	Corporate Director Education, Communities and Organisational Development Corporate Director HSCP	On going 1 April 2020

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		<p>Our Place Our Future Locality Plans have been established in the three localities with the greatest inequalities and work has been ongoing to establish locality networks to take forward actions from these plans.</p> <p>A locality Planning Strategic Implementation Group has been established and is Chaired by the Corporate Directors HSCP to oversee locality planning.</p> <p>Inverclyde Council is committed to developing structures to respond to the Council's decision to allocate budgets to Participatory Budgeting.</p>		On Going On Going
4.	Do you know if your council's governance and accountability structures are fit for purpose given increasingly complex ways of working?	<p>The Council uses performance information effectively and reporting to the public and councillors is regular and balanced. The Council reports on performance to committee and have the right level of details for governance and scrutiny.</p> <p>Inverclyde Council has undertaken a Governance Review in December 2016.</p> <p>A Review of the Committee Structure has taken place in February 2018</p> <p>A review of the Scheme of Delegation and standing orders has taken place in June 2018.</p>	Head of Legal and Property Services	On Going

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Part 2 – How councils are responding		Current Position	Further Action/ By Whom	Target Date
	Issues Raised for Members			
7.	Do you understand how your council's approach to transformational change will improve services and save money?	The Council has an approved approach to identifying, managing and monitoring transformation projects via Delivery Differently.	Chief Financial Officer	N/A
8.	How will you monitor and scrutinise progress of transformational projects?	The Council has an approved process of regular scrutiny by DMTs, CMT and an annual report to Committee	Chief Financial Officer	N/A
9.	What is your council's risk appetite for transformational change? Are risks properly monitored?	The Council's Business Case process includes a section on Risk. Major transformation projects will be monitored via Project Boards. Inverclyde Council has 3 Change Management Directorate Groups to review and drive progress on all transformational change projects on a monthly basis.	Chief Financial Officer	N/A
10.	Do you know what the financial repercussions will be if your council's transformation activity fails to meet its savings targets?	Savings are only factored into the forward budget once a business case is approved. This greatly reduces the probability of a material shortfall.	Chief Financial Officer	N/A
11.	Is your council's transformation activity supported by good governance arrangements and robust management?	See answers to 7-9 above	Chief Financial Officer	N/A
12.	Do you know if the governance arrangements factor in time needed to ensure projects are properly scoped?	This is addressed by the need to have a Business Case prior to a project being approved.	Chief Financial Officer	N/A
13.	Does your council have medium and long-term financial planning in place?	The Council has a medium and longer term financial plan which is reviewed and report to the council 6 monthly.	Chief Financial Officer	Next Update June 2019 Council
14.	Does your council link budgets to plans and outcomes and report on these?	The Council aligns budget savings and investment to the Corporate Organisational priorities a report was	Head of Organisational Development, policy and communication	Corporate Plan Review will take

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		<p>submitted to CMT on 13 January 2019. Allocating budgets to outcomes is challenging but officers continue to look at ways of achieving this in a meaningful way.</p> <p>The Council's People and Organisational Development Strategy links closely with the Financial Strategy to ensure our workforce is equipped to address future challenges and demands.</p>		place August 2019.
15.	How is your council considering the impact that these changes might have on equalities?	<p>In line with the Fairer Scotland Duty, the Council's Organisational priorities and the Inverclyde Alliance strategic priorities there has been training and awareness sessions offered to both elected members and officers to establish a new Equalities Impact Assessment when considering budget savings and policy changes. This training and support will continue in 2019.</p> <p>EIA's are attached to all savings proposals and committee reports as required.</p>	Head of Organisational Development, policy and communication	Ongoing throughout the Budget Savings Process Training sessions delivered in April 2019 to officers across the local authority.
16.	If your council is considering generating commercial income do you know how it plans to mitigate the risk?	<p>Inverclyde like most Councils already generates commercial income through activities such as parking charges and trade waste collections. Risk is managed through assessing and planning for income fluctuations due to market conditions. There are no plans at present for further commercial activities although this remains under review.</p>	Corporate Director Environment, Regeneration and Resources	N/A
17.	Does your council consider sharing services in options	Undertaken as part of business	Chief Executive	Ongoing

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	appraisals and change programmes?	<p>planning process and monitored through E&R's Change Management Board.</p> <p>Inverclyde Council continues to review shared services with West Dunbartonshire Council and other council areas.</p> <p>Other opportunities to share services discussed within the CMT.</p>		
18.	Do you know if there are processes in place in your council to facilitate collaborative working on a local regional or national basis?	Ongoing dialogue with current partner authorities involved in shared services and wider discussion at Glasgow City Regional CEOs, ADES, Regional Improvement Collaborative, SOLACE forums and Professional Body Forums.	Chief Executive	Ongoing
19.	Do you know how your council is ensuring the good governance and financial sustainability of its Integration Authority?	The Health & Social Care Committee oversees specific Council duties (e.g. related to CSWO; MHOs; financial governance of externally commissioned services etc.). The IJB has elected members and a financial report is presented at every meeting.	Corporate Director HSCP	On going
20.	Do you know what your council is doing to ensure that it works with partners to be more open and realistic about changes needed?	<p>Inverclyde Alliance receives progress reports from the Local Outcome Improvement Plan at every meeting and twice per year there is a thematic workshop event to enable open and realistic discussions areas for improvement.</p> <p>Inverclyde Council is working towards progress against outcomes priorities agreed with partners and communities as stated in the SPI</p>	Corporate Director Education, Communities and Organisational Development	Ongoing throughout the year. Twice yearly workshops.

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		Direction 2018.		
21.	Does your council engage with communities on decisions about services, budget proposals and priorities?	The Council has engaged with communities in the annual budget consultation exercise using on line toolkits which form part of Members Budget decision making process. Services engage with communities using citizen's panel, the LOIP locality plans and HSCP consultations on locality networks and priorities.	Corporate Director Education, Communities and Organisational Development	Annual budget consultation. Twice yearly Citizens Panel due November 2019
22.	Are you clear on what community empowerment involves what it means for your council?	Inverclyde Alliance receives reports at every meeting on progress towards implementing the Community Empowerment Act including establishing locality networks, participatory budgeting, community food growing and allotments. Locality Plans have been established in the three localities with the greatest inequalities and work has been ongoing to establish locality networks to take forward actions from these plans.	Corporate Director Education, Communities and Organisational Development Corporate Director HSCP	On going 1 April 2020
23.	What is your council doing to implement community empowerment arrangements at a local level?	The Community Empowerment (Scotland) Act 2015 provides a mechanism whereby certain community bodies can make request to certain public authorities, including the Council, for a transfer to them of an interest in land or buildings owned or leased by the authority, which the body feel they could make better use of this Asset Transfer was approved by Inverclyde Council on Inverclyde Council is working towards	Corporate Director Education, Communities and Organisational Development Corporate Director HSCP	On going 1 April 2020

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		<p>creating a Community Food Growing Strategy by 1 April 2020 through the Environment Partnership.</p> <p>Our Place Our Future Locality Plans have been established in the three localities with the greatest inequalities and work has been ongoing to establish locality networks to take forward actions from these plans.</p> <p>A locality Planning Strategic Implementation Group has been established and is Chaired by the Corporate Directors HSCP to oversee locality planning.</p> <p>Inverclyde Council is committed to developing structures to respond to the Council's decision to allocate budgets to Participatory Budgeting.</p>		On Going
24.	Does the Local Outcome Improvement Plan focus on areas where the Community Planning Partnership can make the biggest impact?	The Local Outcome Improvement Plan will focus on the three localities where there is greatest inequalities. This will mirror the recent consultation undertaken by the HSCP which will prioritise 6 localities with a specific focus on the same three localities with the greatest inequalities. These are the localities where the Inverclyde Alliance will make the biggest impact.	Head of Organisational Development, Policy and Communications	2019 LOIP Annual report approved by Inverclyde Alliance in March 2019.
25.	Do you know what your council is doing to reach out to “seldom heard” and disadvantaged groups?	“Your voice” the user network is commissioned to engage with hard to reach has as well as the wider	Corporate Director HSCP	On going

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		community.		
26.	What is your council doing to ensure that one per cent of the revenue budgets is allocated through participatory budgeting by 2020/21?	A pilot has taken place and is currently being evaluated. A paper was taken to Committee to identify the lessons learned from the pilot. A working group has been established to look at revenue budgets that can be used.	Corporate Director Education, Communities and Organisational Development	Committee in September 2019
27.	What is your council doing to ensure that it has the right capacity, skills and leadership in its workforce?	Service Workforce Plans have been completed which include longer term forecasts of workforce numbers and skills requirements to meet challenges over the next 3 years and beyond. In addition an assessment of individuals' learning and development needs linked to the Council's key priorities is undertaken as part of our Performance Appraisal process and an individual development plan is agreed. Leadership development events for senior managers are arranged each year based on identified needs.	Head of Organisational Development, Policy and Communications	Annual Reviews and ongoing appraisals. New plans to be completed in 3 years.
28.	What training does your council make available to officers and councillors to ensure they have the skills to deliver services in the future?	Officers and councillors have access to a range of learning and development opportunities both on line and face to face course. There is a mix of some generic training, accredited training but also training which has been developed and promoted based on needs identified through service workforce plans and our performance appraisal process.	Head of Organisational Development, Policy and Communications plus Head of Legal and Property Services	N/A
29.	Does the training you are offered meet your needs? If not, do you know who to speak to?	Our Elected Members development programme identifies specific learning and development needs for Councillors and one to one discussions	Head of Legal and Property Services	On Going

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		take place on an annual basis, to review and plan appropriate training.		
30.	Does your council have an organisation-wide workforce plan? Does it contain information about the numbers, cost and skills of the actual and desired workforce?	The Council has an overarching People and OD strategy which sets out key workforces and organisation development priorities. An annual report is submitted to committee which highlights the key information on the numbers, cost and skills of the workforce. Service Workforce Plans have been completed which include longer term forecasts of workforce numbers and skills requirements to meet challenges over the next 3 years and beyond.	Head of Organisational Development, Policy and Communications	On going
31.	Do you know how your council is ensuring changes to staff numbers and working practices do not have a negative impact on morale wellbeing?	Our Employee Opinion Survey provides valuable feedback from employees on key issues including morale and wellbeing. Our People and OD Strategy sets out a number of actions which support the wellbeing and morale of our employees.	Head of Organisational Development, Policy and Communications	Report to Committee in May 2019
Part 3 – Council performance and the impact on communities				
	Issues Raised for Members	Current Position	Further Action /By Whom	Target Date
32.	Does your council clearly link its budget setting to its strategic priorities and plans?	The Council aligns budget savings and investment to the Corporate Organisational priorities. Allocating budgets to outcomes is challenging but officers continue to look at ways of achieving this in a meaningful way.	Chief Financial Officer	On Going
33.	Are you assured that performance reporting by your council is accurate and accessible?	The Council uses performance information effectively and reporting to the public and councillors is regular and balanced. The Council reports on performance to committee and have the right level of details for	Head of Organisational Development, Policy and Communications	On Going and Continued throughout the Committee Cycle

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		governance and scrutiny.		
34.	Can your council demonstrate progress in delivering its key outcome priorities?	<p>An annual report on the Inverclyde Outcomes Improvement Plan has been considered by the Alliance Board. The report outlined progress in the delivery of the 3 strategic partnership priorities.</p> <p>A progress report on the Corporate Plan 2018/22 will be developed and considered by Members in August. The plan will highlight the progress made in the delivery of the Council's organisational priorities.</p> <p>A review of the SPI framework has just been completed and a smaller, more focused number of indicators identified that are more outcome focused rather than process measures.</p>	Corporate Director Education, Communities and Organisational Development	<p>March 2019</p> <p>August 2019</p> <p>March 2019</p>
35.	Does your council make use of LGBF data to consider where and how it might make improvements to service delivery?	<p>A comprehensive report on the LGBF is presented to CMT and Members as well as a dedicated Members' Briefing, to allow Members more time to scrutinise performance in relation to LGBF.</p> <p>Improvement activity associated with the LGBF is taken forward through the improvement plans in the CDIPs.</p> <p>The impact on individual performance measures and the overall LGBF performance is reported to Members</p>	Corporate Directors	Report to Committee in March 2019 on LGBF performance and this has been linked to the CDIP's

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		via the annual LGBF report and the Corporate and Directorate performance reports.		
36.	Have you considered what lessons your council can learn from other councils who are delivering services well?	<p>Inverclyde Council participates in the Local Government Benchmarking Framework as well as other benchmarking groups, as detailed in the Corporate Directorate Improvement Plans.</p> <p>In addition to this, learning of good practice is gleaned from the Knowledge Hub and professional networking groups.</p> <p>Best Value Assurance Reports (BVAR) from other local authorities are considered by the CMT/Committee and actions/areas for improvement are progressed.</p>	Corporate Directors	<p>On going</p> <p>BVAR to next most relevant committee. May 2019</p>
37.	Do you know what your council is doing to understand how satisfaction with different services is changing?	<p>The Council operates a range of measures to engage with the public and reports the results with associate commentary to Committee.</p> <p>Community engagement will continue to identify and act upon any specific concerns.</p>	Corporate Director Education, Communities and Organisational Development	
38.	Is your council meeting its statutory duty to provide temporary and settled accommodation to households assessed as homeless?	<p>The Council responds to the statutory duty regarding providing temporary accommodation as required. As a stock transfer authority we work in partnership with a number of Registered Social Landlords (RSLs) to provide appropriate settled accommodation. The Inverclyde Rapid Rehousing Transition Plan (RRTP)</p>	Corporate Director HSCP	Ongoing

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		recently submitted to the Scottish Government sets out our future plans for delivery including a proposed Housing First approach to support our most vulnerable service users.	
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Local government in Scotland

Challenges and performance 2019



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
March 2019

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

Audit team

The core audit team consisted of: Carol Calder, Kathrine Sibbald, Ashleigh Madjitey and Ruth Azzam, with support from other colleagues and under the direction of Claire Sweeney.



These question mark icons appear throughout this report and represent questions for councillors.

Chair's introduction



Councils have an increasingly challenging role. They need to respond to the changing needs of their local population. At the same time, they have a pivotal role in helping to deliver a range of key national priorities for Scotland. This is at a time when the outlook is for finances to tighten further and for demand for services to continue to increase, as populations change and there are more people living in poverty.

The important role councils play is clear, but there are many uncertainties, which makes planning for the future more challenging as it becomes more critical than ever. The UK's withdrawal from the EU is imminent as I write this introduction, but the process and implications remain unclear. The medium to longer-term impact of changes to the Scottish Government's financial powers and the details surrounding the local governance review are also still unknown.

However, we find that councils across Scotland have continued to work hard to maintain services to their communities, despite the increasing challenges and pressures. They have stepped up and have continued to improve how they use their resources. But, in many councils the change and improvement work has focused on efficiencies. To address the growing gap between demand and resources, more fundamental, transformational changes are needed in service provision, and the pace of change needs to improve in some councils. Transformational change is about more than just efficiency. There needs to be a focus on how services are best delivered to communities and, in particular, how councils protect and empower the most vulnerable members of those communities.

Objective and relevant data are essential. Nationally, across councils, data are fundamental for the assessment of performance, benchmarking and improvement. Locally, data should support the redesign and change of processes and services. It is important for councils to have good-quality workforce data to inform organisation-wide workforce planning that supports the shape of future operations.

The pressure on council budgets has led to the exploration of alternative approaches to increasing income such as extending fees and charging schemes and the options for introducing local taxes. This is a development of interest to the Commission that we will monitor and consider in future overview reports.

We published an update report [*Health and social care integration* !\[\]\(4658fc881287bc22b537ed0517e70445_img.jpg\)](#) in November 2018, which found that although integration authorities have made some progress they must overcome significant barriers to speed up change. The Commission will continue to have a close interest in the progress of integration authorities and in their financial management.

I hope you find this overview useful and I would welcome any feedback you may have.

Graham Sharp
Chair of the Accounts Commission

Summary



Key messages

- 1** Councils face an increasingly complex, changing and uncertain environment which places different demands and expectations on them. Councils are also central to delivering many high-level public sector objectives, such as the integration of health and care services and involving citizens more in decisions about public services.
- 2** These reforms require councils to collaborate with partners, with the third sector and with communities, to think differently about how they deliver and fund services. Thinking differently about services is important to meet the growing and changing needs of their communities in the coming years. New ways of working can lead to increasingly complicated lines of accountability.
- 3** Scottish Government revenue funding to councils has reduced in real terms between 2013/14 and 2019/20, while national policy initiatives continue to make up an increasing proportion of council budgets. This reduces the flexibility councils have for deciding how they plan to use funding. At the same time, demands for council services are increasing from a changing population profile. All councils expect an increase in the proportion of people aged over 65 and almost a third of councils expect an increase in the proportion of children under 15.
- 4** Councils have made good progress in developing medium-term financial planning and continue to manage their funding gaps through savings and use of reserves. All councils increased council tax to the maximum three per cent in 2018/19 and many increased their fees and charges to raise income. Some councils are looking at other options to raise income.
- 5** Councils need to ensure they have the staff, skills and leaders to deliver change. This requires effective workforce planning, but the quality of planning is inconsistent across councils. An increasing proportion of the workforce is nearing retirement. If there is insufficient succession planning, skills and knowledge will be lost as these people retire. Recruitment into some service areas is becoming increasingly difficult, but national workforce data is insufficient to clearly understand how individual services areas are affected.

- 6** Despite reducing funding and increasing demands, across local government most performance indicators are improving or being maintained, although some service areas show more strain. There remains performance variation among councils that cannot be readily explained by differences in context or spend. Better use of data and benchmarking could lead to further improvement and efficiencies.
-

Recommendations

While councils have continued to find ways to manage funding gaps and have made good progress with medium-term financial planning, they face an increasingly complex, changing and uncertain time ahead. To continue to improve the outcomes for their communities within this context, councils need to be open to transformational change and implement new ways of working.

To make effective progress councils should:

- assure themselves that they have adequate leadership and management capacity in place. This should include development arrangements that prepare and support councillors and senior managers to respond to the challenging and changing local and national demands
 - undertake long-term financial planning to set out how they will deliver national policy commitments, while continuing to sustain local services with reducing budgets and increasing demands
 - continue to seek and implement innovative ways of working and collaborate with communities, partners and the third sector to drive transformational change
 - improve data to:
 - help inform the difficult decisions councils have to make
 - support benchmarking, learning and sharing of experience and effective practice with others that will contribute to improving service quality, efficiency and outcomes for communities
 - ensure they have workforce planning that is clear about the workforce needed now and in the future, where the gaps are and what training or other action is needed to fill them. This should be supported by better workforce data
 - be able to demonstrate how spending decisions and priorities have impacted on service delivery and the outcomes of residents, as well as how they are delivering against the national performance framework.
-

About this report

1. This report provides a high-level, independent view of the challenges facing councils in Scotland, how councils are responding to tightening budgets and how this has affected services. It draws on findings from [Local government in Scotland: Financial overview 2017/18](#) , published performance data and local government audit work in 2018. This includes annual audits, Best Value Assurance Reports (BVARs) and national performance audits. All national and individual council audit reports are available on our [website](#) .

2. The report highlights key challenges councils face and looks at some of the main ways councils are responding to increasing demand and reduced funding. Where specific examples of council activities or circumstances are referenced, this is not intended to imply that the named councils are the only ones engaging in these activities or experiencing these circumstances. The report aims to inform the public and its representatives and, in particular, local government councillors and senior council officers to support them in their complex and demanding roles. It covers three areas:

- The current and future challenges facing councils.
- How councils are responding to these challenges.
- The impact on performance in key service areas and public satisfaction.

3. To help councillors, we have produced the following supplements to accompany this report:

- [A scrutiny tool](#)  with examples of questions that councillors could ask to help them understand their council's position, scrutinise performance and assist in making difficult decisions. Councillors should feel they fully understand, and are satisfied with, the answers to the questions that are most relevant to them in their role within the council.
- [An online tool](#)  that shows how councils are performing. It is designed to allow councillors, officers and members of the public to better understand how their council is performing compared to others.

4. We draw on a range of sources of evidence for this report. Financial information is taken from the Local Government Financial Circulars,¹ Local Government finance statistics,² the Scottish Government's provisional outturn and budget estimates³ and councils' annual accounts. Performance information is gathered from the Local Government Benchmarking Framework (LGBF),⁴ the National Performance Framework (NPF) indicators⁵ and relevant reports from other scrutiny bodies, such as Education Scotland and the Care Inspectorate.

5. To make financial information clear and comparable in the report we:

- Refer to real terms changes, this means we have adjusted the figures to take account of inflation. Our analysis of local government funding adjusts figures into 2018/19 prices to reflect the current year.

- Look at historical trends in financial data using data from 2013/14 where possible. National police and fire services were established in 2013 and so were not included in local government accounts from 2013/14. It is not always possible to use 2013/14 as some information is only available for more recent years.
- Adjusted figures to 2017/18 costs where the report comments on council performance in 2017/18.

Part 1

The context for councils



Councils must respond to an increasingly complex policy agenda while dealing with a high degree of uncertainty

6. Councils have a responsibility to provide a wide range of services to their residents and communities. These include educating children, looking after the elderly, collecting bins, maintaining local roads and ensuring buildings meet safety standards. Councils' work is influenced by the wider economic and political environment, UK and Scottish Government policy and demographics.

7. The context that councils are working in has become characterised by reducing budgets ([paragraphs 25–36](#)), increasing demand for services ([paragraphs 37–41](#)) and the delivery of an increasingly complex range of national policies. Within this challenging context, councils need to continue to work towards local priorities and improving outcomes for their communities. [Exhibit 1 \(page 11\)](#) illustrates some of the major current examples of policy and legislative change.

8. Some policy changes by the UK and Scottish governments increase expectations on councils, many come with financial implications and others increase uncertainty. Significant current issues include:

- Withdrawal from the European Union (EU) – At the time of writing this report, it is planned that on 29 March 2019, the UK will leave the EU. As the process is still on-going there is a high level of uncertainty about what this will mean for councils, which makes planning difficult. This is an area which is fast changing and will have a long-term impact on councils.
- Scotland's new financial and social security powers – The 2012 and 2016 Scotland Acts introduced new financial and social security powers. As a result, Scotland's budget is influenced by Scottish ministers' tax decisions and how well the Scottish economy performs compared to the rest of the UK. This means the Scottish budget is likely to become more variable than it has been through the block grant from the UK Government. In its five-year strategy, the Scottish Government estimates that the Scottish budget could vary by up to six per cent by 2022/23.⁶ If the Scottish budget varies, funding to local government through the Scottish Government settlement will also be affected, in particular, services that are not financially protected as Scottish Government priorities.
- Local governance review – In 2018, the Scottish Government and COSLA launched a review of how powers and responsibilities are shared across national and local government and with communities. The aim of the review is to give local communities more say in how public services in their area are run. The Scottish Government and COSLA plan to continue consulting with stakeholders through 2019 as legislation is developed. It is not yet clear how this review will affect councils and how it will affect partnership working with other organisations, such as the NHS.



Have you considered how policy and legislative change will affect how your council operates?

What scenario planning has your council done for events such as EU withdrawal and increasing budget uncertainty?



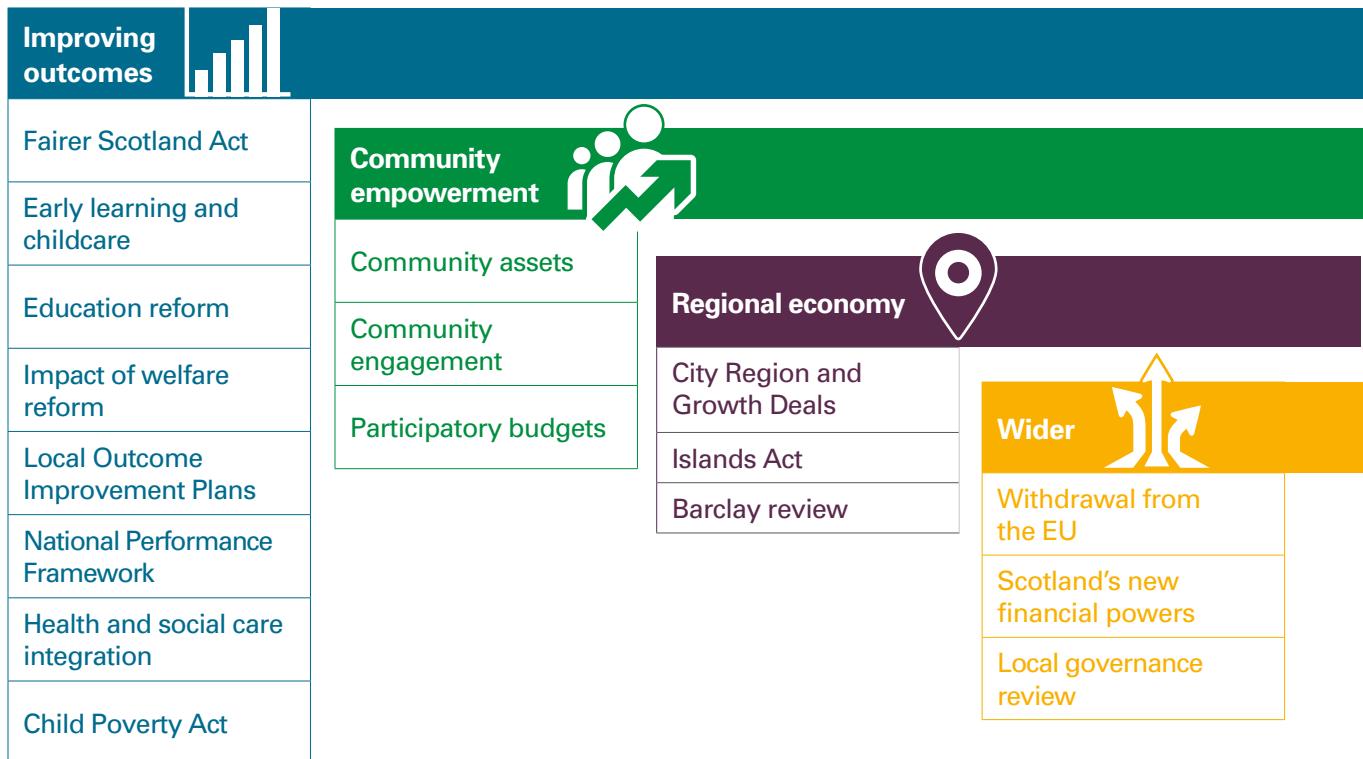
Audit Scotland published a briefing paper on the [EU withdrawal](#) in October 2018 highlighting the risks including workforce, funding and financial implications.

Audit Scotland has produced a policy briefing on [new financial powers](#)

Exhibit 1

Current major policy and legislative changes affecting local government

Many of the changes in national policy are interdependent.



Source: Audit Scotland

9. This context makes it difficult for councils to know how they will need to respond in the future and makes longer-term financial planning challenging but even more vital. With increased uncertainty, scenario planning within medium and longer-term planning becomes increasingly important. We will continue to monitor national developments, councils' preparations and their responses to these issues through our audit work.

10. The examples in **Exhibit 1** contribute to a complex picture of interacting policy initiatives. Many of the policy changes and initiatives are interdependent and will influence each other. For example, good community empowerment (giving people more influence over how services are planned) should contribute to a range of initiatives and activities that improve outcomes. This complex picture means that:

- Councillors and senior officers need to have a wide and current understanding of policy issues and how these relate to local priorities and needs, to plan and make complex decisions locally. This can be challenging where capacity is already stretched.
- It is more important than ever for councils to plan for different scenarios in terms of funding and demand for services. This includes finding different ways to deliver services efficiently and effectively.
- There is an increasing need for effective partnership working with other public, private and third-sector organisations and their communities.



**Are you clear
what Community
Empowerment
involves and what
it means for your
council?**

Improving outcomes is a priority both at a local and national level but reporting arrangements still need to develop

11. In June 2018, the Scottish Government and COSLA launched their revised National Performance Framework (NPF).⁷ All councils signed up to the priorities and vision for Scotland it sets out. There is a strong focus on increased wellbeing, improving outcomes, and economic growth that is sustainable and benefits all sections of society.

12. Councils are key contributors to delivering this vision to improve the outcomes for the people of Scotland, alongside their community planning partners. Councils and their partners need to have regard to the NPF and consider how this framework fits with local decision-making, local outcome priorities and measures. A significant amount of council activity is already focused on themes that reflect those of the NPF. For example, most councils have a strategic focus on reducing inequality within their communities.

13. Councils also have a role in delivering a range of national initiatives that will contribute to the themes of the NPF, such as:

- Delivering 1,140 hours of free childcare to all three-year olds and eligible two-year olds.
- Improving educational outcomes, especially for the most deprived pupils, through the Pupil Equity Fund (extra money to some schools with children from poorer backgrounds) and a commitment to maintain teacher numbers.
- Contributing to the delivery of 50,000 affordable homes including 35,000 for social rent.
- Implementing the requirements of the Fairer Scotland Duty which places a legal responsibility on public bodies in Scotland, including councils, to actively consider how they can reduce inequalities caused by socioeconomic disadvantage, when making strategic decisions.

Although there is ongoing work that will contribute, it is not yet clear what role councils are expected to have in achieving all of the NPF aims, what that would mean for councils' resources or how progress and targets will be monitored and reported on.

Councils cannot deliver their priorities alone

14. Councils have a long history of working closely with other organisations. This includes delivering some services through the third and private sectors and through arm's-length external organisations (ALEOs). This also includes local partnership working with other public sector bodies, such as the NHS, the third sector and other local and national organisations through local partnership activities, including Community Planning Partnerships. Councils need to build on their partnership working experience to respond to the changing context.

15. Councils face a difficult balance of a move towards more regional working and collaboration, and a need to maintain a focus on local priorities, local decision-making and local accountability. Many of the national policies introduced in recent years have involved some elements of working with partners, for example in regional partnerships to deliver economic development or through the health and social care integration joint boards.



Councils and the Scottish Government are focused on improving outcomes across Scotland. Examples of these include improving employment opportunities, reducing anti-social behaviour, giving children the best start in life and helping people live longer and healthier lives.



Do you know if your council's governance and accountability structures are fit for purpose, given increasingly complex ways of working?

If you sit on a board, do you fully understand your responsibilities to that board and the council?

Regional economic developments mean more collaborative and partnership working

16. Councils are pursuing City Region Deals and Growth Deals as ways to drive local economic growth. These involve significant partnership working. The Scottish Government has committed to all areas in Scotland being part of a deal:

- There are four signed City Region Deals in Scotland, involving 17 councils and various other partners.
- A further six councils are developing two City Region Deals.
- The remaining councils are working on alternative investment proposals, such as Growth Deals and Island Deals.



City Region and Growth Deals are long-term agreements between the Scottish Government, the UK Government and councils to improve regional economies.

17. Councils work with their partners to propose projects to include in their deal, based on the anticipated benefits to their regional economies. The Scottish and UK governments then decide which projects to fund, typically over a ten to 20-year period. To date, the governments have jointly committed £2.1 billion to the four signed City Region Deals. This is supported by around £1.6 billion committed by councils and other partners. Most of the funding for the four signed deals has been allocated to infrastructure projects, such as roads and buildings. However, deals also include innovation, employability and skills, technology, housing and digital projects such as improved broadband. The Scottish Government expects that councils and partners signed up to deals will form Regional Economic Partnerships to work together on regional issues.

18. We are carrying out an audit of City Region and Growth deals which will be reported towards the end of 2019.

The Community Empowerment Act gives citizens a greater role and this requires a change in how councils operate

19. The Community Empowerment (Scotland) Act 2015 gives people more influence over how their councils and their partners plan services. It is intended that councils will devolve power to communities to make a difference to their local areas through:

- Community asset transfers – where communities can take responsibility for land and buildings.
- Participation requests – where people can ask to take part in decisions about council services.
- Participatory budgeting – where communities can have a say in how the council should spend public money locally.

20. As part of the Act, local authorities also have statutory oversight of community councils and are required by statute to consult community councils about planning applications and licensing matters.

21. Councils are considering how they balance an increase in community involvement with a responsibility and accountability for the sustainability of services delivered to their citizens. Some progress is being made with community empowerment, particularly with ensuring formal arrangements are in place. We consider this further in [Part 2 \(paragraphs 70–78\)](#).

Accountability is increasingly complex

22. A result of a more collaborative way of working is an increasingly complex governance and accountability landscape. This has implications for councils:

- Councillors now sit on more boards than before. In our May 2018 report, [Councils' use of arm's-length external organisations](#) (ALEOs) we noted that this can make it difficult for small councils to manage potential conflicts of interest.
- There can be disagreements around shared governance arrangements. In our [Health and social care integration update](#) report we noted that a lack of collaborative leadership and different cultures in councils and health boards were affecting the pace of change.
- Councils still have a responsibility to track performance management and provide scrutiny proportionate to the risk involved. The roles of councillors and officers in overseeing collaborative activities needs to be clear.
- There is a duty to ensure that communities are involved in decision-making processes where appropriate. This may be more difficult to manage with more complex governance structures.

23. The discussion and decision-making on some issues is moving further from councils themselves, but councils retain the overall accountability to the local community. It is increasingly important that councillors and officers have an appropriate understanding of their roles and skills, including in governance and leadership, when leading work delivered through complex partnerships, boards and other mechanisms.

24. Formal governance arrangements must be kept current to cover local decisions made about representation, delegation, scope of responsibilities and reporting. Councils, and their partners, should ensure arrangements meet their needs but take care to minimise additional complexity of governance arrangements as new ways of working are adopted.

Scottish Government funding to councils has reduced in real terms since 2013/14 but increased slightly between 2018/19 and 2019/20

25. Councils need to continue to deliver on the increasingly complex range of local and national priorities and initiatives, despite several years of reducing funding and increasing demands on services. Between 2013/14 and 2019/20, total revenue funding has fallen six per cent in real terms. Scottish Government funding to councils is forecast to continue to reduce in the medium-term.

26. Scottish Government funding is the largest source of income for councils. Overall, total revenue funding will increase by 1.1 per cent in real terms between 2018/19 and 2019/20 ([Exhibit 2, page 15](#)).



Governance describes the structures, systems, processes, controls and behaviours for managing activities.

Accountability is the way individuals or groups are held responsible for managing and planning how resources are used and how well performance aims are achieved. For example, chief executives in councils are accountable to councillors.



Revenue funding is funding from Scottish Government to councils for day-to-day services.

Total revenue funding consists of general resource grants, specific revenue grants and non-domestic rates income (NDR).

Core revenue funding includes the general resource grant and non-domestic rate income, and reflects the funding councils have control over to provide services.

Exhibit 2

Funding from Scottish Government to councils

Total revenue funding increased slightly between 2018/19 and 2019/20.

	Cash			Change 17/18 to 18/19		Change 18/19 to 19/20		Change 17/18 to 19/20	
	2017/18 (£m)	2018/19 (£m)	2019/20 (£m)	Cash (%)	Real (%)	Cash (%)	Real (%)	Cash (%)	Real (%)
General Resource Grant	6,808	6,885	6,718	1.1	-0.7	-2.4	-4.2	-1.3	-4.8
Non-domestic rate income	2,666	2,636	2,853	-1.1	-2.9	8.2	6.3	7.0	3.3
Core revenue funding	9,474	9,521	9,571	0.5	-1.3	0.5	-1.2	1.0	-2.5
Specific revenue grants	211	274	508	29.7	27.4	85.5	82.3	140.6	132.2
Total revenue funding	9,685	9,795	10,078	1.1	-0.7	2.9	1.1	4.1	0.4

Note: We have used the most current information available. This means we have used 2019/20 budgeted funding and compared this with 2017/18 and 2018/19 outturn funding. This does not include £355 million allocated in 2018/19 and 2019/20 from the Scottish Government's health budget to Integration Authorities. The additional funding of £34.5 million is included in the 2017/18 cash funding column above.

Source: Audit Scotland; Scottish Budget 2019/20; Local Government finance circulars 04/2018, 08/2018, 02/2019

27. On 28 March 2018, the Scottish Government paid £34.5 million of additional funding to councils. Although this was funded from Scottish Government underspends and paid in 2017/18, it was shown as 2018/19 funding in the local government settlement:

- By recognising the £34.5 million as 2018/19 funding the Scottish Government showed an increase in funding to local government of 1.7 per cent in cash terms and 0.2 per cent in real terms compared to 2017/18.⁸
- In the 2019/20 settlement, the 2018/19 total revenue funding figures no longer include the £34.5 million. The settlement makes no reference to this adjustment or that it is included in 2017/18 funding. Taking this adjustment into account, between 2017/18 and 2018/19, the Scottish Government's total revenue funding to councils increased by 1.1 per cent in cash terms but this was a 0.7 per cent decrease in real terms. Our figures now include the £34.5 million as 2017/18 income.

28. The presentation of the £34.5 million within the annual settlements, and failure to refer to the change or how it has been treated, has made it harder to compare annual changes in local government funding. It is important that funding allocations are transparent and consistently applied across years to allow public bodies to plan and manage their finances effectively and support parliamentary scrutiny.

National policy initiatives make up an increasing amount of council budgets

29. A growing proportion of Scottish Government total revenue funding to councils is protected to support Scottish Government priorities. Our analysis shows that revenue funding to support specific Scottish Government policies has increased from 6.6 per cent of total revenue funding (£643 million) in 2018/19, to 12.1 per cent (£1.2 billion) in 2019/20 ([Exhibit 3, page 17](#)). This is because:

- The Scottish Government funding that must be spent on specific policy initiatives (specific revenue grants), such as the Pupil Equity Fund, now makes up an increasing proportion of total revenue funding. In 2018/19, this represented 2.8 per cent of total revenue funding and in 2019/20 will increase to five per cent.
- Alongside the specific revenue funding set out in the settlement, several of the Scottish Government's policy initiatives have funding attached to them. Although these are not explicitly ring-fenced, if the council does not meet the objectives it may lose out on the funding. These have grown from 3.8 per cent of total revenue funding in 2018/19 to 7.1 per cent in 2019/20 and are predominantly for education and social care services.

If these funding obligations are excluded from councils' total revenue funding, the amount remaining was £9.2 billion in 2018/19 and £8.9 billion in 2019/20. This is a decrease of £449 million in real terms, five per cent of 2019/20 total revenue funding.

30. Councils face other obligations which limit where they can make savings, for example:

- Councils must make repayments on their debt. In 2018/19 they budgeted to spend £1.2 billion, ten per cent of their budgeted net revenue expenditure, on debt repayments.
- In December 2018, COSLA made a pay offer for a three-year settlement for 2018/19 to 2020/21. The offer included an increase of 3.5 per cent for 2018/19 (capped at £80,000) and a three per cent increase in each of the following years. Any settlement that is accepted will need to be funded from revenue funds.
- In February 2019, Glasgow City Council approved the settlement of its equal pay claim. It has agreed to make payments of around £548 million (44 per cent of its 2019/20 revenue funding from Scottish Government and council tax) in 2019/20. Our auditors will monitor this as part of the annual audit work.
- In 2019/20, councils can only reduce their allocations to Integration Authorities by 2.2 per cent compared to 2018/19.

31. Social care and education make up a large proportion of councils' budgets. In 2018/19 councils budgeted to spend £3.3 billion on social care and £5.2 billion on education. This includes £2.4 billion on primary and secondary teachers' salaries. Together, this represents 69 per cent of their net revenue expenditure. Although it is possible for councils to make savings in these areas, national priorities, statutory obligations and demand for services make this challenging.



Exhibit 3

Spend on national priorities in 2018/19 and 2019/20

In 2019/20 councils will spend 12.1 per cent of their revenue funding meeting national priorities.



Source: Audit Scotland, Local Government finance circular 2/2019, Scottish Budget 2019/20

32. As a result, as we have previously reported, councils have made larger reductions to services other than education and social work. These include economic development, waste management and planning services, which are still important for maintaining the health, safety and wellbeing of residents. Between 2013/14 and 2017/18 spending was reduced as follows:

- planning and development services (28 per cent)
- cultural and related services (14 per cent)
- roads and transport (seven per cent).

33. The Commission recognises that councils cannot be expected to deliver continuous performance improvement across all services in the current financial climate. Councils should set their priorities and invest in line with them. However, it is more difficult to do if increasing amounts of their budgets are protected. There is a risk that these budget reductions will have an impact on the sustainability of services as they are currently delivered. Councils need to continue to seek innovative ways to improve the efficiency of how they deliver all services and be clear about the anticipated impact on performance and service scope.

Some council service areas can expect further funding reductions

34. The Scottish Government's five-year strategy sets out its spending priorities to 2022/23; these are health, police, early learning and childcare, secondary school attainment, higher education and social security. Council services outside

education and early years are not identified as Scottish Government priorities and so will be disproportionately affected by any reductions to the Scottish budget. We calculated that other services outside the Scottish Government's priorities could face between one and 16 per cent real terms reduction to their budgets.⁹

Councils are managing reducing budgets despite local challenges

35. We have previously reported that councils will have their own social and demographic circumstances to manage alongside funding reductions. An ageing population increases demand for social care services, rurality can make it more difficult to deliver services cost-effectively, and deprivation and poverty have wide-ranging impacts which can affect council services. However, the majority of revenue funding is allocated according to the size of the council's population. Other factors are not always as clearly reflected in the funding allocations

([Exhibit 4, page 19](#)). For example:

- Eilean Siar and Argyll and Bute have seen some of the largest reductions in their funding allocations since 2013/14 due to a declining population but are also two of the most rural areas and have growing elderly populations.
- Some of the councils with high levels of deprivation, including Inverclyde, Glasgow and West Dunbartonshire, have also seen higher than average reductions to their core budgets.

36. Medium and long-term scenario planning will help councils understand what the likely implications are for them which will in turn help inform how best to provide services in the future.

Population change is affecting demand for services.

37. Demographic pressures, including an ageing population continue to increase the demands on council services. Over the period 2016 to 2041, ten councils expect an increase in both the over-65 population and the under-15 population. The Improvement Service estimates that, because of changing demographics, demand for services will increase by 2.6 per cent between 2018/19 and 2019/20. This represents an additional £248 million of spend for councils.¹⁰

38. All councils are projected to have an increase in the number of people over 65 by 2041. West Lothian council has a projected 45 per cent increase in the over-65 age group, the highest in Scotland. An ageing population represents a significant challenge for councils especially in delivering social care services:

- The Institute for Fiscal Studies estimates that over the next 15 years, social care funding in the UK will need to increase by 3.9 per cent in real terms each year to meet the needs of an ageing population and more younger adults living with disabilities.¹¹
- The Scottish Government estimates an additional £683 million will be required by 2023/24 to meet additional social care demand.¹²

39. Ten councils are expected to see an increase in the proportion of people aged under 15 during the period 2016 to 2041, while 22 expect a decrease. For example, East Lothian Council expects its under 15-year-old population to increase three times faster than the Scottish average between 2016 and 2026. This increase means the council will need to fund:



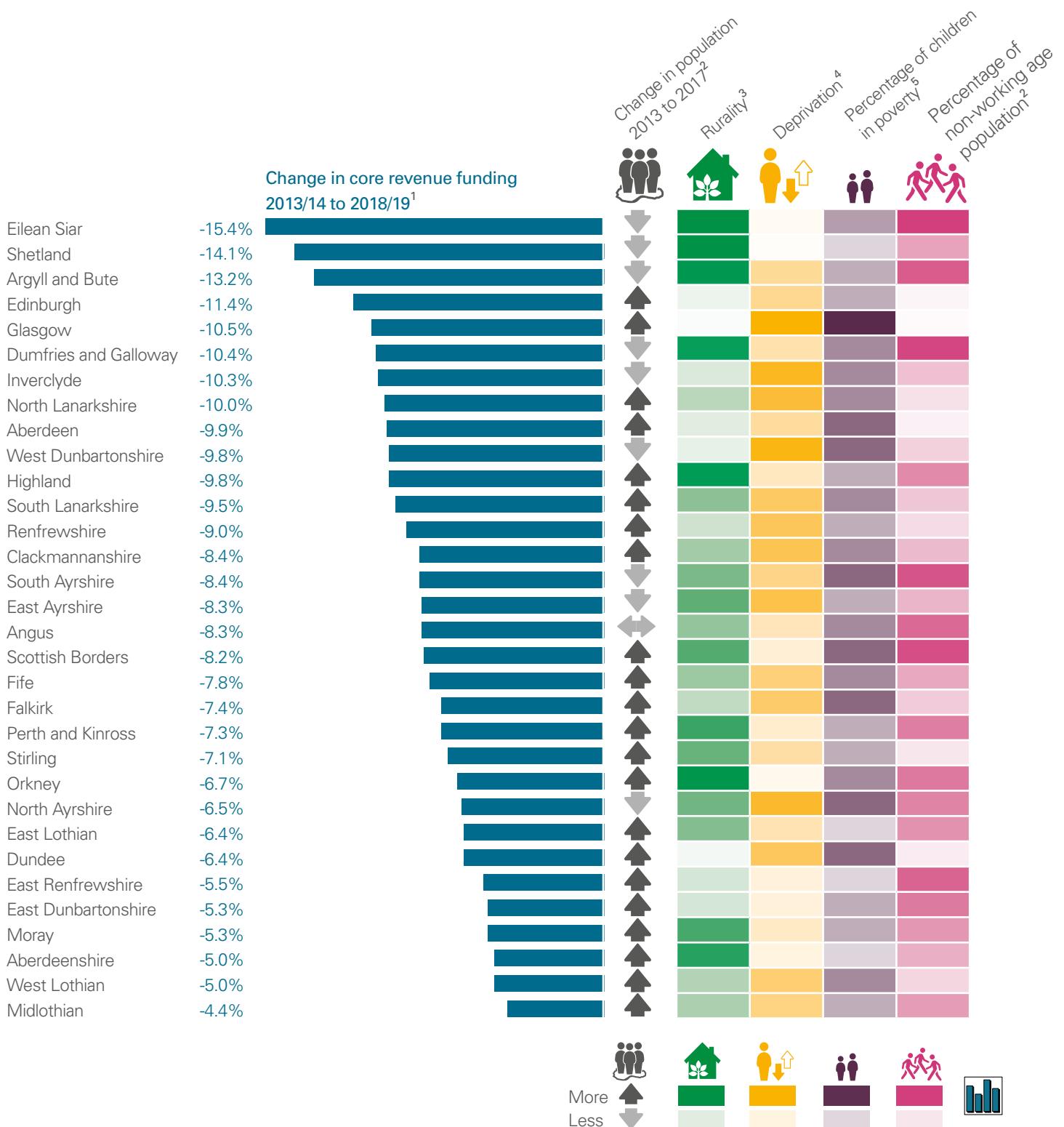
Do you have a clear understanding of the demographic circumstances within your council area?

Do you know how effectively your council uses this information to decide how to provide services in the future?

Exhibit 4

Changes to council core revenue funding in real terms between 2013/14 and 2018/19, illustrated with socio-demographic factors that can impact on service demand and costs

Demographic change, rurality and deprivation will all have implications for council services. The majority of core revenue funding is allocated based on population factors so funding reductions largely follow population change.



Note: The darker the colour the more significant an issue it may be to that council. Rurality can make it more difficult to deliver services cost effectively, an ageing population increases demand for services and deprivation and poverty can have wide ranging impact on residents and councils (Paragraph 41).

Sources: 1. Scottish Government financial circulars 2013, 2014 and 2019. 2. National Records Scotland mid-year population estimates 2013 and 2017. 3. Scottish Government Urban Rural Classification 2016. 4. Scottish Index of Multiple Deprivation 2016. 5. Children in families with limited resources across Scotland 2014-16, Scottish Government, 2017.

- the capital cost of building four new primary schools and a secondary school
- the costs of developing the roads and utilities to these developments
- the day-to-day costs of running and staffing the schools.

The number of people living in poverty has increased, putting additional pressure on council services

40. The Scottish Government reports that relative poverty rates are slowly increasing and that since the period 2012 to 2015, there has been a rise in income inequality. Between 2013 and 2016, the top ten per cent of the population in Scotland had 21 per cent more income than the bottom 40 per cent; in 2014 to 2017 this increased to 24 per cent more income.¹³ The Joseph Rowntree Foundation also reported an increase in child poverty rates during this period.¹⁴

41. There are implications for councils from more residents living in poverty, as they are more likely to need support from their council or have difficulty paying their council tax or rent:

- As part of the Child Poverty Act, councils are expected to produce an annual joint report with the NHS on their activities to address child poverty at a local level. It is not clear what resources councils will choose to allocate to their child poverty duties and reporting arrangements, but it may be substantial for those councils with high or growing rates of child poverty.
- Libraries now help people apply for benefits using their computers but a survey by Citizen's Advice found that people from the most deprived areas were less likely to be able to use a computer than those from the least deprived areas. It also found that of people seeking benefits advice, 25 per cent would need help and 27 per cent would not be able to manage at all.¹⁵
- There is also evidence to suggest that individuals' levels of debt have increased, and this could affect councils in council tax collection or rent arrears. The Joseph Rowntree Foundation found that in the UK six per cent of adults in the most deprived areas had council tax debt compared to 0.1 per cent in the least deprived.¹⁶
- Council accounts show that rent arrears have increased by nine per cent between 2016/17 and 2017/18; as councils have different procedures for managing and writing off rent arrears the level varies by council. The National Audit Office (NAO) found that local authorities in England reported higher rent arrears following the introduction of Universal Credit.¹⁷
- Homelessness applications have increased by one per cent between 2016/17 and 2017/18. During this period 17 councils saw an increase in the number of applications. Of those assessed as homeless or threatened with homelessness, 47 per cent had at least one additional support need, such as mental health problems, compared to 34 per cent in 2012/13.¹⁸

Part 2

How councils are responding



42. In [Part 1](#) we described the complex financial, policy and legislative challenges that councils face. Effectively led councils are clear about how these issues impact locally. They also recognise that the financial and demand pressures mean that planning and implementing changes to find efficiencies alone is no longer enough and the redesign of service delivery is needed. [Part 2](#) focuses on some of the main considerations for councils and how they are responding to this need.

Transformational change requires strategic leadership, planning and good governance

43. Councils have worked hard to make efficiency savings. These have mostly focused on service review and improvement activity, property rationalisation, and improvements in back office functions such as human resources, payroll and finance systems. In many councils, these activities are unlikely to be sufficient to address the growing gap between demand and resources, and more fundamental changes are needed.

44. In making more fundamental changes councils have different approaches; many have a transformation programme, although it is not always called this, whereas some integrate service redesign work into mainstream council management and improvement activity. Transformation activity does not have to change everything at once; it can deliver change incrementally.

45. Making change through transformation to the services and functions of the council requires effective leadership and good governance arrangements. Transformation and change initiatives should contribute to the council's strategic and outcome priorities. It should also be a consideration in strategic planning. This includes decisions relating to arrangements such as:

- implementing digital approaches
- financial planning and funding approaches
- working in partnership
- community empowerment activity
- workforce planning and development.

These issues are all linked, and their interdependence needs to be understood by councillors and senior management.



Do you understand how your council's approach to transformational change will improve services and save money?

How will you monitor and scrutinise progress of transformational projects?

What is your council's risk appetite for transformational change? Are risks properly monitored?

Do you know what the financial repercussions will be if your council's transformation activity fails to meet its savings targets?

46. To make good decisions about opportunities and options for change, councils need to ensure that they make effective use of good-quality information and data. This includes benchmarking with other councils and using performance information to identify and understand why performance varies across councils and where this offers opportunities to improve. **Part 3** of this report sets out an overview of current performance across councils and some notable variances.

Good transformation is well scoped, addresses the needs of people who use services and should have proportionate governance structures.

47. The aim of transformational change is to improve outcomes for service users by making services to communities more efficient and effective. Transformation requires moving away from established ways of delivering services and this can bring considerable challenges. Successful projects dedicate time at the start to fully understand the issues that need to be addressed. To deliver transformative change, councils should:

- Adopt a holistic approach to service design. Transformation benefits from different departments working together to find the best solutions to improving services.
- Engage with service users and staff from the outset, to make the right decisions about where problems and opportunities lie, and what needs to change.
- Allow time for staff involved in transformation to properly scope and appraise options before committing to savings estimates.

To do this councils will have to consider how to incorporate some flexibility and freedom into their change and improvement arrangements, to allow some of the early thinking and design work to take place. This is difficult when budgets are reducing.

48. Good governance arrangements and effective management are essential in enabling the successful delivery of transformation activity. Councils report that they are adopting some key elements of good governance. Almost all councils have specific planning, decision-making and reporting arrangements in place for transformational or change activities. Over two-thirds show evidence of using options appraisals and around half have a dedicated team of staff to support change and transformation.

49. Good transformation should result in a service that better meets the needs of the people that use it, as well as being more efficient. There is scope for councils and other public bodies to share examples of successful transformation activity and learn from each other. Examples include:

- NHS Highland and partners have adapted homes in the 'FitHome' village in Dalmore to enable residents, who are elderly or have physical disabilities, to live safely and independently. The adaptations include sensor equipment that captures data as residents move around their homes and can be used to predict and prevent events such as falls. The first 14 residents moved into their new homes in Summer 2018.
- Glasgow City Council's family group decision making aims to allow children to remain within their wider family group rather than being taken into care.



Is your council's transformation activity supported by good governance arrangements and robust management?

Do you know if the governance arrangements factor in time needed to ensure projects are properly scoped?

Children and their families are involved in creating a plan to meet the child's needs. There are more than 1,300 children looked after by extended family or close friends, known as Kinship Care, in Glasgow. They are supported by 1,017 Kinship Carers with an annual budget of £8.1 million.

There are examples of digital approaches being used to drive improvement

50. Thirty-one councils are involved in the Digital Office (DO) for Scottish local government, a collaborative organisation created to improve the core digital skills held by council workers, digital leadership, and digital services within councils. All councils play an active role in delivering the projects that the DO runs by taking the lead on projects where their officers have expertise. This approach:

- pools in-demand skills and expertise
- shares best practice amongst councils
- fosters a strong culture of collaborative support.

51. Through the DO, councils are sharing their experience of using digital technology to improve service delivery. Some examples include:

- The E-sgoil programme in Eilean Siar uses technology to allow pupils to access teachers, classes or resources from any school within the council or elsewhere in Scotland. Previously a lack of teachers restricted the range of subjects the council could offer. The programme has been offered to other schools and is being used by some other councils. Comhairle nan Eilean Siar is now considering whether it could raise income by extending the programme's reach to other groups from outside the council area.
- City of Edinburgh Council has been working with a private company on its tram systems, using artificial intelligence to identify potentially hazardous situations and ensure that they are avoided.
- Glasgow City Council used data to change its approach to tracking and allocating school clothing grants in Glasgow. It was able to identify those eligible for a grant by analysing data it had already collected. This allowed them to identify 5,000 families who were entitled to funding but had not previously claimed.



Digital technology:

Technologies used by councils to deliver services and change the way that residents and staff interact with the council.

There are specific challenges that councils need to recognise to successfully deliver digital transformation

52. People increasingly expect to be able to access services online, and digital provides many options for transformation within a council. However, digital approaches will often be only part of the solution. In many cases, digital can improve services and make them more efficient, but more complex or unusual tasks may require other approaches. Digital transformation also has specific features that councils need to consider:

- Not all service users will be able to access digital services. It is often the most vulnerable within society who have the greatest need for council services but who are least able to access them digitally. They include people living in poverty, the elderly, people living in remote rural locations,

and people living with mental and physical disabilities. By enabling digital access to services for those who are able to use them, staff and funding can be redirected to provide other options, such as face to face or telephone contact, for those who struggle to engage through digital platforms or have more complex problems.

- Procurement of digital-enabled projects may be different to other things the council buys; so its existing arrangements may not be appropriate. Councils should understand that potential savings may not be immediately quantifiable, that investing for the future may be necessary, and that 'agile' management (where projects are broken down into small stages and adapted frequently), may be the best option. For this approach, councils need to invest in training staff and leaders.
- Digital projects can bring significant cultural change to councils. Those leading and managing change need to be sensitive to the potential for disruption in the working environment and for individuals in particular roles. Councils need to ensure that their workforce is included and informed at every stage of a digital change programme.
- Digital projects need to be led and staffed by officers with the right skills in the relevant areas. These skills can be difficult to find in the wider workforce and come at a high cost. The DO has been working with councils to develop these skills.
- The failure of digital projects can open a council up to the risk of losing data or of data being accessed and exploited by external groups. The internal mishandling of data could also leave councils vulnerable to being penalised for General Data Protection Regulation non-compliance.

53. Before embarking on digital transformation activity, councils should understand these challenges and the complexity of what they are trying to do. Our [Principles for a digital future](#)  briefing sets out five principles that should be considered when planning and delivering digital programmes. We will be carrying out an audit on digital progress in local government in 2020/21 which will consider councils' digital activity in greater detail.

Good progress has been made with medium-term financial planning



Does your council have medium and long-term financial planning in place?

54. The Commission has previously commented on the importance of medium and long-term financial planning, particularly in the context of the increasing financial challenges and wider demands on services.

55. Funding settlements from the Scottish Government to councils continue to be provided on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium term, given such a significant proportion of their income comes from Scottish Government funding.

56. In 2018/19, councils reported a funding gap of £0.3 billion (two per cent of expenditure), £0.1 billion less than in 2017/18. Councils planned to address this through making savings, using reserves and increasing fees and charges.

57. The need to find and deliver savings is expected to continue. We emphasise the increasing importance of medium and long-term planning to manage these

financial challenges and to make well-informed decisions which are aligned to council priorities. Medium-term financial planning has been adopted by almost all councils, but less than half have significant long-term plans. Of those councils with longer-term plans, only five consider the impact of population and demand change on their services. The Commission encourages all councils to continue to develop and refine their medium and long-term planning and the use of scenario planning to support both.

Councils are under pressure to find different ways to increase income

All councils increased council tax by the maximum allowable three per cent in 2018/19 for the first time since the council tax freeze was lifted

58. As revenue funding has fallen in real terms, council tax represents an increasingly large proportion of the total funding available to councils, from 16 per cent in 2013/14 to 18 per cent in 2018/19. In the 2017/18 budget, the Scottish Government announced the end of the nine-year council tax freeze, but capped the amount councils could increase it by to three per cent:

- In 2017/18, 24 councils increased their council tax, including 21 that increased rates by the maximum allowed.
- In 2018/19, all councils increased council tax by three per cent.

In 2019/20, the Scottish Government increased the cap to 4.8 per cent in cash terms, or three per cent in real terms. Twelve councils decided to increase council tax by the full amount. Thirteen councils increased it by three percent and the other seven by between 3.9 and 4.5 per cent.

59. In 2017/18, an estimated additional £110 million was raised through council tax reforms, these included a change to higher rate council tax bands and an end to council tax relief on second homes.

Councils have looked for other ways to increase income

60. We reported in our *[Local government in Scotland: Financial overview 2017/18](#)* that there is variation in how councils approach increases to charges.

Some councils are making increases to all charges, some are making significant increases to certain charges such as commercial waste and some are introducing new charges, for example for garden waste and public toilets.

61. From information provided by auditors, we found that councils had increased 11 types of charges by more than inflation between 2016/17 and 2018/19. The highest increases were in relation to burials. The cost of a burial plot increased by an average of 20 per cent (22 councils responded) and the cost for burial services increased by 12 per cent (23 councils responded).

62. COSLA and some councils are seeking opportunities to raise local taxes.

- City of Edinburgh Council is the first council to propose a transient visitor levy or 'tourist tax' to raise funds to manage and promote tourism in their local area. In February 2019, the council approved plans for a £2 or two per cent per room per night charge which it expects will raise up to £14.6 million.¹⁹ It now requires legislation from the Scottish Government to implement the tax. The Scottish Government committed to a consultation on the tourist tax in January 2019.



Does your council link budgets to plans and outcomes and report on these?

Do you know what options your council is considering to maximise income?

How is your council considering the impact that these changes might have on equalities?

If your council is considering generating commercial income, do you know how it plans to mitigate the risks?

- In the 2019/20 budget the Scottish Government agreed to support an amendment from the Scottish Green Party to the Transport (Scotland) Bill that would give powers to councils to introduce a workplace levy. This means employers would pay the council a tax for any car parking spaces they offered.

Councils are considering development of commercial services, but risks need to be well managed

63. As part of longer-term financial planning, councils are considering how they can develop approaches to generate commercial income, beyond local fees and charges for current services. If councils choose to do this they need to consider; whether they have the skills and staff numbers to deliver it, the impact it may have on the local economy, and how they will mitigate the risks of investing public money in the commercial market.

64. Given that there has been more development of commercial arrangements in England, it is useful to consider the learning from this. Councils in England have experienced very significant reductions in funding (funding to local government has fallen by 49 per cent between 2010/11 and 2017/18) and have used several commercial approaches to support their finances in response.²⁰ The NAO reported that between 2013/14 and 2016/17, there had been a 31 per cent increase in external interest payments and a 16 per cent increase in trading profits.²¹ Some councils have borrowed money to invest in property from which they then earn an income or profit. The UK Government reports that:

- spending on trading services has increased from £323 million in 2014/15 to £2.9 billion in 2017/18
- land and buildings acquisitions increased by 43 per cent in the last year to £4 billion in 2017/18.²²

65. The Chartered Institute of Public Finance and Accountancy (CIPFA) is concerned by the level of borrowing by councils and is producing guidance for those considering this route; it has cautioned councils against:

- becoming dependent on commercial income
- taking out too much debt relative to their total spending
- taking on debt to finance commercial investments, such as shopping malls or office blocks.²³

Good partnership working is critical if councils are to deliver priorities and improved outcomes for communities

66. The Commission has consistently highlighted the increasing importance of good partnership working in the Scottish public sector. Working well with local partners in the public, private and third sectors is becoming increasingly important as councils try to deliver more for less. Given the significance and the potential efficiencies, both financial and non-financial, that collaborative working in the public sector can achieve, this will continue to be an area the Commission will have an interest in over future years.



Does your council consider sharing services in options appraisals and change programmes?

Do you know if there are processes in place in your council to facilitate collaborative working on a local, regional or national basis?

67. Shared services are one potential approach to partnership working. Through our audit work, we have seen only a limited number of examples of councils sharing services. These include:

- East and South Ayrshire work together to deliver roads-related services through the Ayrshire Roads Alliance
- East and West Dunbartonshire share an IT data centre
- Renfrewshire, East Renfrewshire, Inverclyde and West Dunbartonshire are part of a joint emergency planning service.

Although integration authorities have made some improvements they must overcome several significant barriers to speed up change and improve outcomes

68. The Public Bodies (Joint Working) (Scotland) Act 2014 (the Act) established 31 integration authorities (IAs) which are partnerships between NHS boards and councils. They are responsible for directing almost £9 billion for the delivery of adult health and social care, and in some council areas, for other services, such as children's services. Our report [Health and social care integration](#) and our [Local government in Scotland: Financial overview](#), both published in November 2018, found that although progress has been made there are significant challenges to overcome ([Exhibit 5](#)).



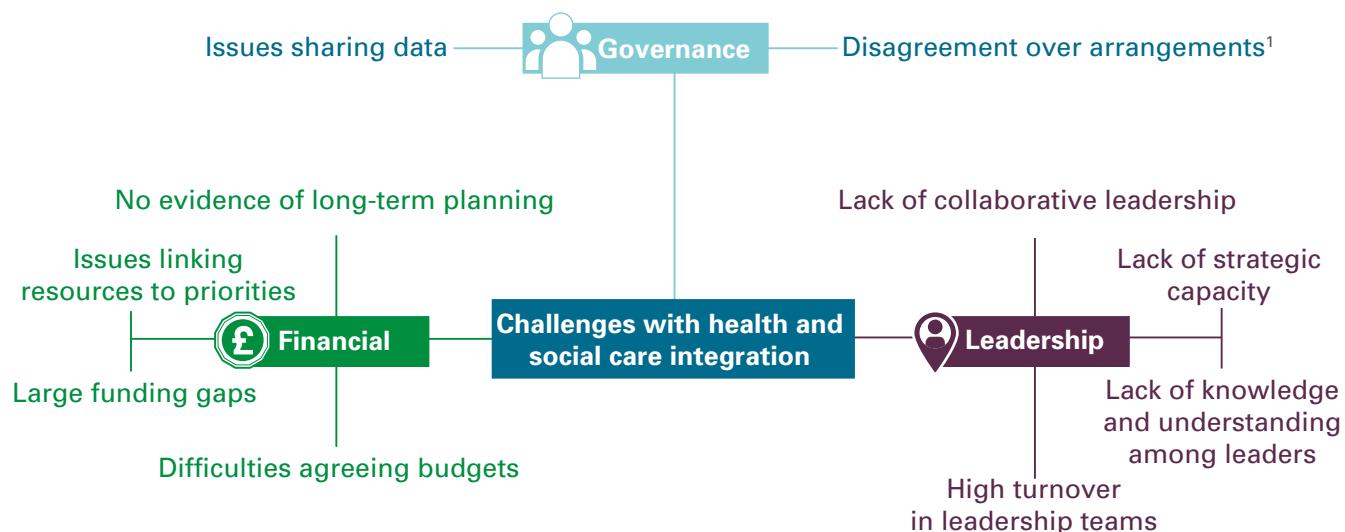
Do you know how your council is ensuring the good governance and financial sustainability of its Integration Authority?

Do you know what your council is doing to ensure that it works with partners to be more open and realistic about changes needed?

Exhibit 5

Challenges to health and social care integration in Scotland

There are significant changes required if integration is going to make a meaningful difference to the people of Scotland.



Note: 1. Disagreements are often due to differing views on responsibility, especially about who is responsible for service performance and quality of care and when accountability for a decision rests with individuals who are no longer responsible for taking them.

Source: [Health and social care: update on progress](#), Audit Scotland, November 2018

69. Performance of IAs in terms of the outcomes experienced by patients is discussed further in [Part 3 \(paragraphs 114–118\)](#).

The Community Empowerment Act fundamentally changes the relationship between council and communities

70. Councils are committed to community empowerment and most are beginning to implement their arrangements at a local level. Effective use of community empowerment can contribute to change and transformation by generating ideas and by involving communities in the difficult decisions that need to be made about priorities and options.

71. Our work shows that some councils:

- have well-established arrangements in place to empower communities ([Case study 1](#))
- are providing training to elected members and officers to enhance their knowledge of community empowerment
- are working to develop community capacity, including providing information and training to communities on how to deliver a service and support through the community asset transfer process.



- Does your council engage with communities on decisions about services, budget proposals and priorities?**
-
- Are you clear on what community empowerment involves what it means for your council?**
-

Case study 1

East Ayrshire Council's 'Vibrant Communities' approach



The Vibrant Communities approach is to work 'with people' rather than 'for people'. It focuses on two areas:

- Early intervention and prevention – acting as soon as possible to tackle problems for children, families and vulnerable people.
- Sustainable communities – empowering and enabling communities to get more involved where they live.

Communities discuss their local needs and priorities and then agree actions to improve their local area. Since 2014, the council has supported 19 communities to develop and implement community action plans through their Vibrant Communities approach. Community workers support community representatives in developing and implementing their plans. Once the plans are established community representative groups monitor progress.

Vibrant Communities has a dedicated community asset transfer team to offer legal, planning and business advice, and advise on alternative funding streams for communities applying for an asset transfer.

Sources: [Best Value Assurance Report: East Ayrshire](#), Accounts Commission, May 2018, East Ayrshire Council

- What is your council doing to implement community empowerment arrangements at a local level?**
-
- Does the Local Outcome Improvement Plan focus on areas where the Community Planning Partnership can make the biggest impact?**
-

- Do you know what your council is doing to reach out to 'seldom heard' and disadvantaged groups?**
-

72. While we have seen examples of good progress, some councils still need to do more to meet their obligations under the Act and ensure communities are empowered by building their capacity further.

73. The Act also places a duty on each Community Planning Partnership (CPP) to develop a local outcomes improvement plan (LOIP). LOIPs set out local outcomes that the CPP will prioritise for improvement. Audit Scotland, the Improvement Service and NHS Health Scotland conducted a review of LOIPs in 2018. We found that:

- the scale and scope of LOIPs varies across Scotland, however progress is being made against the expectations of the Act and associated guidance
- LOIPs need to be more focused on areas where the CPP can make the biggest impact
- there are genuine attempts to enhance community engagement and participation
- there is a lack of clarity around how CPPs are reaching those who are under-represented in council decisions, or the most disadvantaged communities.

Councils are engaging with communities but there is less evidence of successful engagement with people from deprived areas

74. Consultation with communities continues to take place mostly through citizens' panels, residents' surveys and council webpages. Our auditors reported that 26 councils involve communities in decisions about services, budget proposals and priorities and nine councils had either a dedicated team or staff member to support community engagement. Some examples of good practice include:

- Argyll and Bute Council carries out an annual consultation exercise on its budget for the coming financial year. It collates and analyses responses and publicly reports the impact of residents' feedback on decisions.
- East Lothian Council has established six local area partnerships to enable community engagement for the CPP. Each partnership is chaired by a member of the community and is made up of elected members, local bodies, interest groups and residents. Locality plans for each area partnership outline their priorities for improvement and help focus budgets around local priorities.

75. The Scottish Household Survey results suggest that councils are less successful in engaging with people from deprived areas. The percentage of all people surveyed who felt they could influence local decisions was 23 per cent in both 2016 and 2017, whereas for people living in deprived areas the figure was 21 per cent in 2016 and 19 per cent in 2017.

Although councils are responding to the requirements of the Act, they need to do more

76. Participatory budgeting is part of the Community Empowerment Act. It gives residents the opportunity to vote on how local money is spent and to have a say on issues important to them. Councils benefit from a better understanding of their residents' needs and communities feel more engaged and empowered. Dumfries and Galloway Council used its participatory budgeting exercise to focus on reducing inequality ([Case study 2, page 30](#)). Councils should also consider



The Community Empowerment Act (Scotland) 2015 requires that councils ensure communities are actively involved in deciding how public services are planned and provided and seeks to empower community bodies through transferring ownership of land and buildings.

As part of the Act, local authorities have statutory oversight of community councils and are required by statute to consult community councils about planning applications and licencing matters.



What is your council doing to ensure that one per cent of revenue budgets is allocated through participatory budgeting by 2020/21?

whether their approach to participatory budgeting is inclusive of a range of groups within their area, including disadvantaged and hard-to-reach groups, and the impact on improving outcomes.

Case study 2

Dumfries and Galloway Council's tackling poverty participatory budgeting exercise



Dumfries and Galloway Council allocated £240,000 from its Tackling Poverty fund towards a participatory budgeting exercise, 0.08 per cent of its total revenue funding. Sixty-three projects from across the region progressed to public voting events. Successful projects were focused on alleviating different aspects of poverty. Examples of successful projects included provision of:

- emergency power payments, sanitary products and essential toiletries (low income and financial poverty)
- school holiday breakfast and lunch clubs for low income families (food poverty)
- transport for access to services and activities (fuel poverty, rurality and isolation)
- ICT learning activities for those who require access to benefits and who are seeking employment (access to information and educational activities/opportunities).

The council evaluated the project and used feedback to identify how the process could be improved in the future, such as increasing the number of voting events and improving communications to build awareness and generate interest.

Sources: [Best Value Assurance Report: Dumfries and Galloway Council](#) (download), Accounts Commission, November 2018. *Participatory Budgeting Evaluation Report*, Dumfries and Galloway Council, 2018

77. We are aware of 13 councils that have held participatory budgeting exercises; however, they remain small in scale. COSLA is supporting councils' work towards the Scottish Government's target of allocating one per cent of revenue budgets to participatory budgeting by 2020/21. For example, Dundee City Council held a participatory budgeting exercise in 2017/18 where 11,000 people voted on which priority projects should be allocated a share of £1.2 million (0.3 per cent of the council's £343 million revenue funding). Communities, existing representative groups and elected members were involved in the selection of projects and the council held a community conference to shape ideas. Feedback on the exercise was positive and the council will use learning to shape future exercises.

78. The Accounts Commission has a continuing interest in community empowerment, and will consider the pace and level of progress in future Best Value work and performance audits.

Workforce reductions have changed how councils are structured and the skills available, but the quality of workforce planning is inconsistent

79. Councils spend a substantial part of their revenue budgets on their staff. They directly employ around 243,000 people, around 197,500 full-time equivalent (FTE) staff. This is 48 per cent of the public-sector workforce, meaning councils are the largest employer in the Scottish public sector. Reducing the workforce is one of the main ways councils have made savings. For example, in Dumfries and Galloway the council saved £60 million in the past five years partly through reducing its workforce by 11.3 per cent.²⁴ Councils need to do more to ensure they understand in detail the profile and capacity of the management and workforce they currently have and need in the future. This is fundamental for being able to effectively respond to the challenging context and deliver effective change.

80. The Scottish Government reports quarterly on total local government staff and every year on social workers and teacher numbers.

- Between September 2017 and September 2018, there has been a small decrease, 0.2 per cent, in FTE staff numbers within councils. Since 2013, staff numbers have fallen by almost 5,000, a decrease of two per cent.²⁵
- In the past five years there has been a 0.1 per cent reduction in social workers and a 1.6 per cent increase in teachers compared to a two per cent reduction for total council workforce.

Therefore, teachers and social workers now make up an increasing proportion of council employees, 29 per cent in 2017 compared to 27 per cent in 2013.

The quality of workforce planning varies across councils

81. The Commission believes that integrated workforce planning is essential for robust medium and long-term planning and effective transformation. This should include an analysis of what the council will need in the future, where the gaps lie and how to address them, either through training, recruitment, restructuring current resources, shared arrangements with other organisations, or procuring specialist skills.

82. Workforce planning is an area where progress is mixed across councils. Glasgow City, as an example, has a coordinated approach to workforce planning. Each service has a workforce plan which forecasts its requirements. Quarterly updates are collated centrally to identify gaps and surpluses which are then used to develop budgeting and resourcing plans including redeployment and retraining opportunities. However, there are other councils where it is not clear what the workforce will look like in terms of numbers and skills in the medium or long term.

Councils need to plan to ensure they have the staff, skills and leaders to deliver change, but there is no national data on workforce by service

83. Effective leadership is fundamental to the successful implementation of change in a complex and changing policy landscape. Councils need to ensure they have the best possible political and management leadership. This means ensuring there is appropriate training and development to support both councillors and management. For senior management this also means building the best strategic team possible and ensuring there is enough capacity to lead change and wider responsibilities. The Commission considers that this means recruitment



What is your council doing to ensure that it has the right capacity, skills and leadership in its workforce?

What training does your council make available to officers and councillors to ensure they have the skills to deliver services in the future?

to chief executive posts should include open competition to secure the best possible pool of candidates. Unless there is a clear rationale, which should be articulated in public council papers, key senior management positions, such as director and head of service level posts, should also be advertised externally.

84. There is a lack of national data on workforce by service. This makes it difficult to be able to determine what is needed in terms of skills or training for staff across Scotland, how services have been affected by the overall reduction in workforce and to inform benchmarking and sharing good practice. Other available data indicates reductions in some services, for example:

- The Royal Institute of Town Planners report a 23 per cent reduction in the planning workforce in Scotland from 2009 to 2016.²⁶
- The Society of Chief Officers of Environmental Health in Scotland report that the number of professionally and technically qualified environmental health staff has decreased by 12 per cent from 2016 to 2018.²⁷
- The number of librarians has fallen by 22 per cent and the number of library staff by seven per cent between 2014 and 2018.²⁸

85. Councils continue to report staff shortages in key service areas:

- Two-thirds of councils reported a shortfall in mental health officers, the additional hours needed per week to make up this shortfall is equivalent to 41 full-time officers.²⁹
- Care Inspectorate reports for Eilean Siar and Renfrewshire observed the continued difficulties in recruitment and retention of social care workers and the impact this has on services.

86. The UK's withdrawal from the EU could exacerbate problems of staff shortages as it could result in a loss of non-UK EU nationals from the workforce or difficulty recruiting from Europe. The Scottish Government estimates that there are 9,830 non-UK EU nationals working in social care in Scotland, 5.6 per cent of the workforce.

87. Councils are competing with other organisations for the same skills, for example digital, project management, planning and engineering expertise. Difficulties with recruitment and retention are compounded by an ageing workforce within councils and with a smaller working age population to recruit from. Also, many of the reductions in the workforce are from those approaching retirement, meaning that their skills and experience are lost to the organisation. For example, in Dumfries and Galloway Council 44 per cent of staff are over 50 years old.

88. Councils need to ensure there is sufficient training for their staff to allow them to respond to the changing and more pressured environment. There is no national data on skills training programmes; however, in our BVAR reports we have highlighted how some councils have approached this:

- In West Dunbartonshire Council, staff have a skills passport which sets out mandatory learning for staff at various career milestones. This allows them to plan for their ongoing development and encourages continuous learning.



Does the training you are offered meet your needs? If not, do you know who to speak to?

Does your council have an organisation-wide workforce plan? Does it contain information about the numbers, costs and skills of the actual and desired workforce?

- Dumfries and Galloway Council's 'Grow your Own' scheme retrains staff in areas where there are recruitment issues. As a result, it has been successful in filling teacher vacancies.

Councils should consider the impact of change on their staff

89. Savings programmes and staff reductions mean some uncertainty for council staff. Unless managed well, this could have an impact on the morale of the workforce and individual staff's wellbeing. Surveys carried out by Unison found that in 2018:

- 75 per cent of Environmental Health and 70 per cent of Trading Standards employees interviewed reported that morale in their organisation was low
- 90 per cent and 78 per cent respectively said that workload was higher than five years ago.³⁰

90. Councils should be aware of the impact savings programmes are having on their workforce and put measures in place to address any issues. Many councils do this through staff surveys. Common findings from staff surveys indicated people not feeling valued for what they do, not being asked for their views on change and feeling that working for the council had worsened in recent years due to workload.

91. The average number of sickness days for non-teaching staff has increased from 10.9 days in 2016/17 to 11.4 days in 2017/18. There is significant variation among councils, from an average of 16.8 days in Clackmannanshire to 8.4 days in East Ayrshire. For teachers, the average number of sickness days has fallen slightly from 6.1 days in 2016/17 to 5.9 days in 2017/18, varying from 9.1 days in Clackmannanshire to 4.2 days in East Ayrshire.

92. We have calculated in previous reports that if councils reduced sickness absence they could improve their productivity. If councils with higher rates of sickness absence levels reduced these in line with the top eight performing councils, they would gain the equivalent of 619 non-teaching staff across Scotland, and 248 teaching staff.



Do you know how your council is ensuring changes to staff numbers and working practices do not have a negative impact on morale and wellbeing?

Part 3

Council performance and the impact on communities



Councils understand the challenges facing their communities, but resources need to be better linked to their vision and priorities

93. Our audit work shows that councils continue to clearly set out their strategic priorities and plans. Councils understand the local context of their communities and have a strategic focus on improving social inequality, particularly in areas of high deprivation.

94. Over half of councils clearly link their budget setting to their strategic priorities or plans. This should be evident in all councils. More also needs to be done to demonstrate how spending is linked to outcomes and performance. A positive example that contributes to clearer links is evident at North Ayrshire Council. Officers include information on what outcomes could be achieved for each level of investment when presenting strategic investment options. This allows councillors to consider whether the impact on the council's priorities would be significant enough to warrant the investment.

Councils are focused on performance management and improvement

95. Our Best Value assurance reports to date indicate councils have improved their approaches to managing performance and improvement. Good performance management should link to the council's strategic priorities and be able to demonstrate a link between spend and outcomes.

96. A good council is self-aware, understands its own performance and uses that to make improvements. Our auditors reported evidence of self-evaluation in 14 councils in their 2017/18 Annual Audit Reports. For example, North Lanarkshire Council reviewed its position against the Best Value characteristics and the recommendations in previous Best Value assurance reports to help develop its rolling programme of reviews. Many councils have structured self-evaluation programmes. These can include corporate level and service level assessment tools, for example in West Lothian Council all services complete a bespoke assessment model and attend an officer-led scrutiny panel once in a three-year cycle to provide challenge to the service and promote improvement.

Councils need to show they are delivering against their high-level outcomes

97. As part of setting its [2018 Statutory Performance Information Direction](#) , the Commission reviewed performance information available on council websites. It found that:

- Auditors in 20 councils concluded that performance information was satisfactory.
- 90 per cent of councils published an annual performance report and 80 per cent published service level performance information.



Does your council clearly link its budget setting to its strategic priorities and plans?

Are you assured that performance reporting by your council is accurate and accessible?

Can your council demonstrate progress in delivering its key outcome priorities?

- There are large amounts of performance information online, however websites could be easier to navigate, and the information was sometimes out of date. Councils may also want to consider whether having fewer, but better focused, performance indicators would allow them to demonstrate performance against their key priorities more clearly and effectively to the public.
- While 90 per cent of councils report performance against their priorities, few outlined progress against outcomes.

98. It is important that councils clearly report their performance to local citizens and the community. Good performance reporting includes clearly stating how performance and spend are linked to the council's priorities; local indicators which demonstrate quality of service; public satisfaction levels; and an overall assessment of the council's performance against outcomes.

Most national indicators have improved or been maintained but performance varies between councils.



Despite funding reductions, councils have maintained performance against several national indicators

99. The National Performance Framework measures progress across 81 indicators, although some of these are still in development and some do not have the data to allow trend analysis. We have selected 16 of the available indicators, these show that many outcomes have improved across Scotland in the last five years ([Exhibit 6, page 36](#)). However, there has been less progress with health outcomes.

100. Many of the NPF indicators are not available at a local level but the Improvement Service has developed a Community Planning Outcomes Profile (CPOP) tool which tracks performance against a set of identified measures at a CPP level. There is a helpful interactive tool on the [Improvement Service website](#)  which allows communities and councils to drill into the data and to compare performance between CPPs, councils and over time. Analysis of the CPOP data shows that the majority of outcome measures have improved over the last five years.

101. There are limitations with the availability of both the NPF and CPOP data. Better data would allow councils to understand differences in demand and performance, report how well they are delivering against their outcomes and enable more informed decisions.

Does your council make use of LGBF data to consider where and how it might make improvements to service delivery?

Have you considered what lessons your council can learn from other councils who are delivering services well?

Since 2010/11 performance against most Local Government Benchmarking Framework indicators has been maintained or improved

102. The Local Government Benchmarking Framework (LGBF) is produced by the Improvement Service in partnership with councils. Since 2010/11 it has produced comparative performance information for councils to help them improve. The LGBF contains over 70 indicators covering a broad range of service areas. In previous years and in our BVARs we report on a sample of eight measures to give an indication of council performance.³¹ Over the past seven years performance for these indicators has improved slightly or remained stable ([Exhibit 7, page 37](#)). This year, the LGBF reports that across all indicators there is some evidence that performance improvement is slowing down for the first time since 2010/11.³²

Exhibit 6

Changes in performance measures for Scotland's outcomes between 2013 and 2017

Performance against many outcome measures has improved but there has been less progress with health outcomes.

Children, young people and education	Percentage of settings providing funded early learning childcare achieving good or better across all themes	-0.5% 
	Proportion of adults aged 16-64 with low or no qualifications (SCQF level 4 or below)	-1.8% 
Satisfaction	Percentage of adults who rate their neighbourhood as a very good place to live	 2%
	Percentage of respondents who are fairly or very satisfied with the quality of local services (local health services, local schools and public transport)	-8.2% 
	Percentage of people who agree with the statement 'I can influence decisions affecting my local area'	 0.7%
	Percentage of households who report being either 'very satisfied' or 'fairly satisfied' with their house or flat	 2%
Culture and leisure	Percentage of adults who have participated in a cultural activity in the last 12 months	-0.2% 
	Proportion of adults making one or more visits to the outdoors per week	 6%
Environment	Percentage of energy consumption which is renewable energy	 7.1%
	Household waste (million tonnes)	 4.2%
Fair work and business	The total number of private sector enterprises in Scotland per 10,000 adults	 8%
	Percentage of workers earning less than the living wage	 0.1%
	The difference between male and female full-time earnings, expressed as a percentage of male full-time hourly earnings	-3.4% 
Health	Average Mental Wellbeing Score ¹	-0.2% 
	Percentage of adults with two or more health risk behaviours (current smoker, harmful drinking, low physical activity, obesity)	 1%
	Proportion of adults usually travelling to work by public or active transport	-0.6% 
	European Age Standardised mortality rates per 100,000 for people under 75 in Scotland	-2.8% 

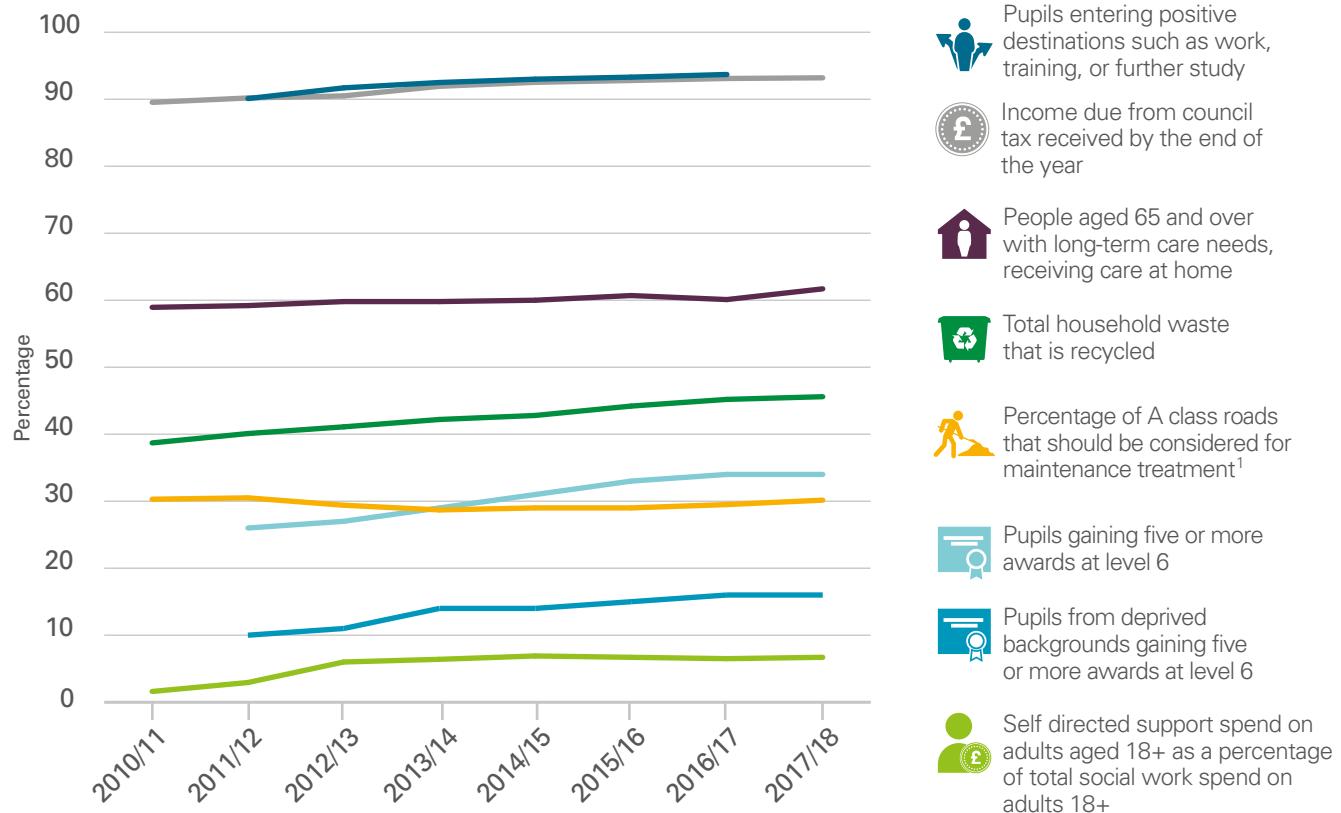
Note: 1. Warwick-Edinburgh Mental Wellbeing Score.

Source: National Performance Framework

Exhibit 7

Performance against selected indicators, 2010/11 to 2017/18

Performance has been maintained or improved.



Note: 1. Roads maintenance is measured in two-year time periods therefore 2009-11 is reported in 2010-11.

Source: Local Government Benchmarking Framework, 2017/18



103. We have also analysed council spending against indicators to see the impact that funding reductions have had on performance at a national level. This shows that since 2010/11 most services have been maintained or improved despite reducing budgets ([Exhibit 8, pages 38-39](#)). However, in the past year the data shows that some services are beginning to spend more or have had a decline in performance, for example, the number of library visits has fallen by eight per cent.

Performance variation is expected as councils have different local priorities, but it can also provide opportunities for identifying efficiencies.

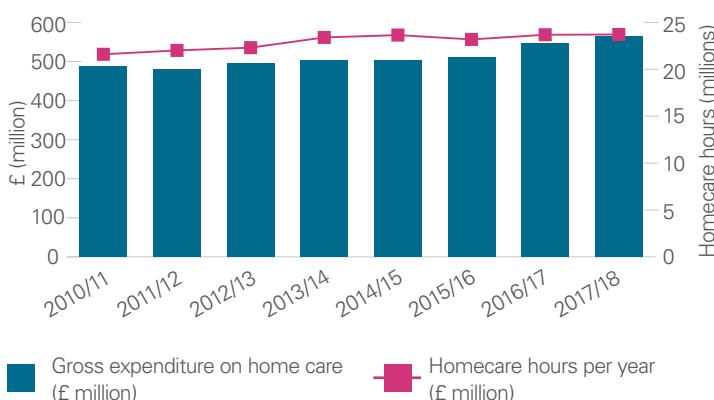
104. The Accounts Commission is clear that 'It is for councils to make choices in where they focus their improvement work, but they need to be able to show how they have arrived at such choices'.³³ As such performance against the indicators will vary depending on both local factors and policy decisions.

105. Councils should use the LGBF and other benchmarking tools to understand where councils with similar circumstances are performing better or spending less to provide the same service. [Exhibit 9 \(page 40\)](#) shows that there is a wide variation in both performance and unit costs between councils. There could be several reasons behind this, but it provides an opportunity to share learning and experiences to improve services.

Exhibit 8

Performance and spend in key areas, 2010/11 to 2017/18

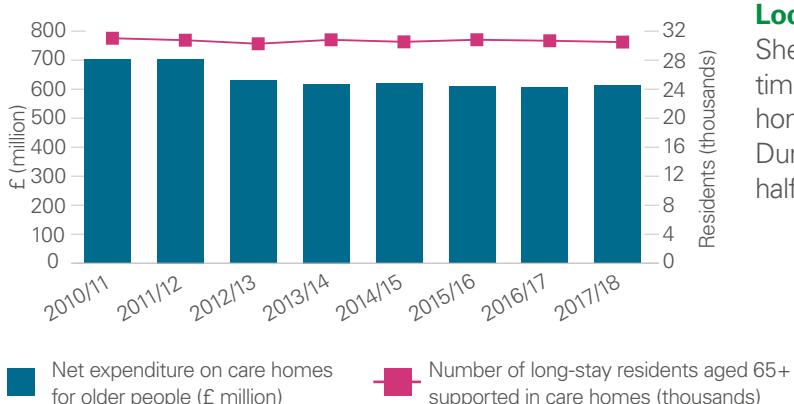
There has been a significant increase in expenditure on home care, while the number of hours provided has increased at a lower rate.



Local variations

Clackmannanshire, Perth and Kinross and Stirling councils have the lowest costs per hour of homecare. The island councils have higher cost per hour of homecare than other councils. Midlothian Council's costs are higher than other mainland councils.

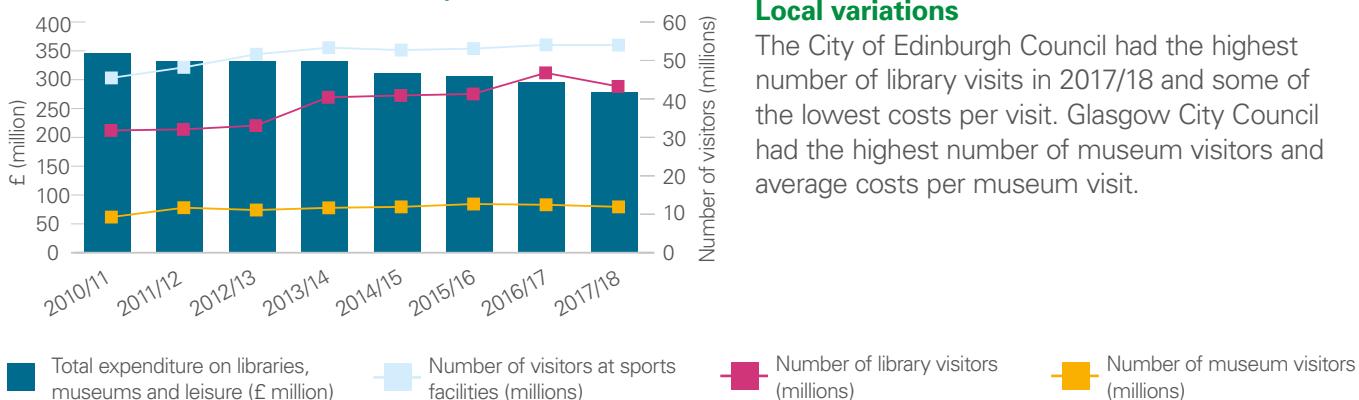
Spending on residential care and the number of residents has stayed relatively constant in recent years.¹



Local variations

Shetland Islands Council spends more than three times the Scottish average per week on their care home residents, £1,349 compared to £386; while Dumfries and Galloway Council spends just over half of the Scottish average (£195).

Spending on culture and leisure continues to fall but visitor numbers to sports facilities, museums, and libraries all decreased in 2017/18.



Local variations

The City of Edinburgh Council had the highest number of library visits in 2017/18 and some of the lowest costs per visit. Glasgow City Council had the highest number of museum visitors and average costs per museum visit.

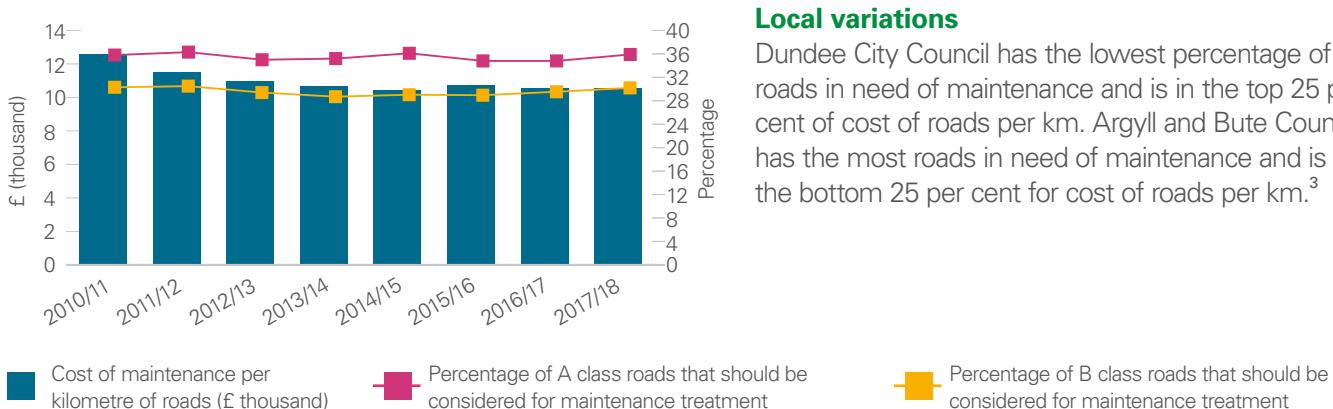


Interactive data map available on our website

Exhibit 8 (continued)

Performance and spend in key areas, 2010/11 to 2017/18

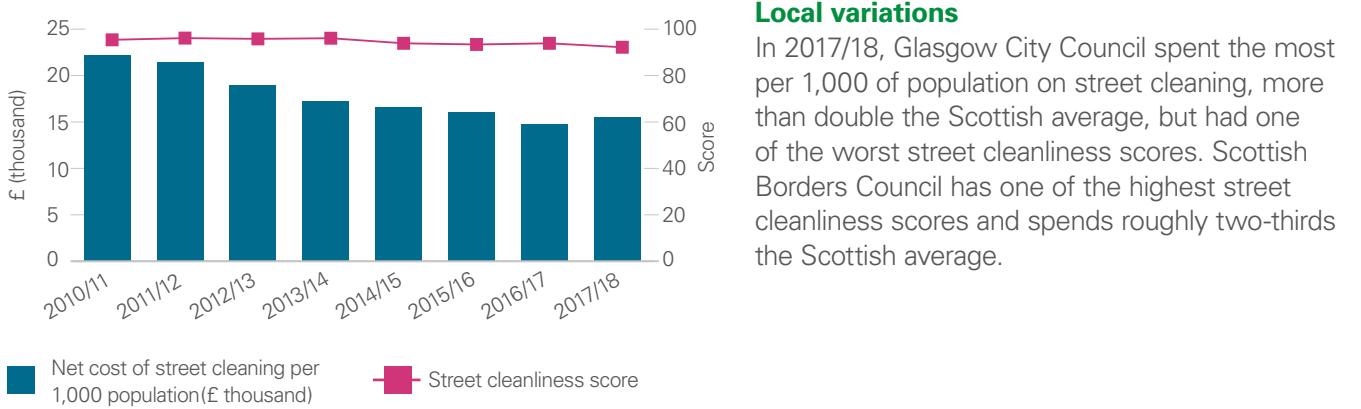
Spend on roads has reduced since 2010/11, although it has remained relatively stable in recent years. The percentage of roads classified as needing maintenance increased slightly between 2016/17 and 2017/18.²



Local variations

Dundee City Council has the lowest percentage of roads in need of maintenance and is in the top 25 per cent of cost of roads per km. Argyll and Bute Council has the most roads in need of maintenance and is in the bottom 25 per cent for cost of roads per km.³

For the first time since 2010/11 expenditure on street cleaning increased, by six per cent, but the cleanliness score continues to fall slightly.



Local variations

In 2017/18, Glasgow City Council spent the most per 1,000 of population on street cleaning, more than double the Scottish average, but had one of the worst street cleanliness scores. Scottish Borders Council has one of the highest street cleanliness scores and spends roughly two-thirds the Scottish average.

Notes:

1. 2010/11 and 2011/12 expenditure includes support costs so is not directly comparable to later years.
2. The percentage of roads that should be considered for maintenance treatment indicator is measured over two-year periods, for example 2009-11 is plotted as 2010/11.
3. The cost of roads per km includes both revenue and capital expenditure.

Source: Audit Scotland; and Local Government Benchmarking Framework 2017/18, Improvement Service

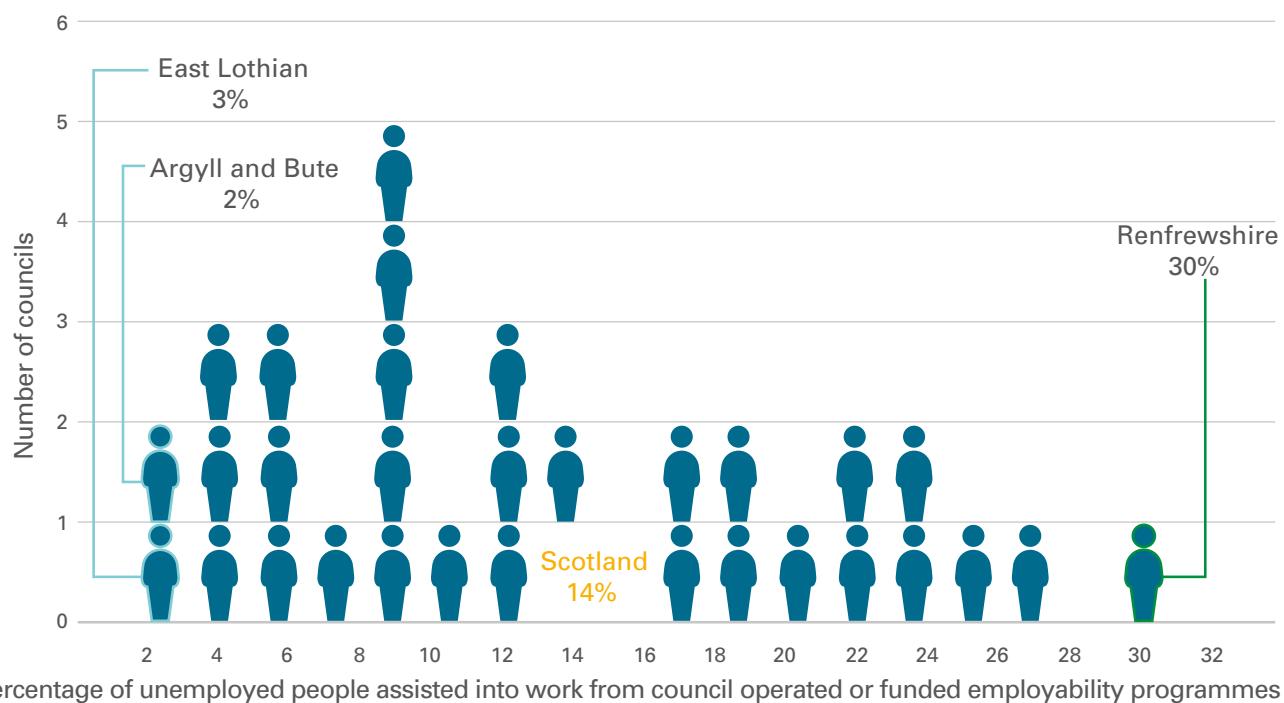


Interactive data available on our website

Exhibit 9

Variation between councils 2017/18

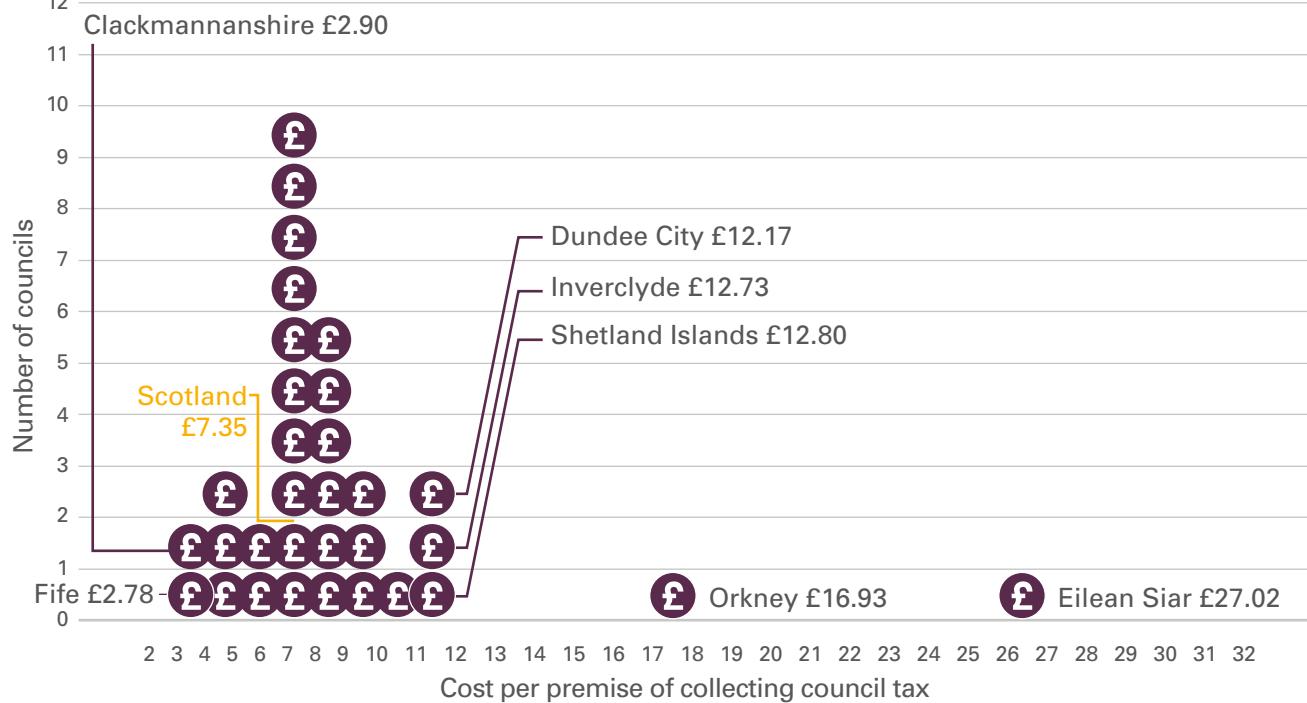
The percentage of unemployed people helped into work by a council employment scheme varied from two per cent in Argyll and Bute to 30 per cent in Renfrewshire.



Percentage of unemployed people assisted into work from council operated or funded employability programmes

Note: There is no data for employability in Shetland in 2017/18.

The cost of council tax collection is significantly higher in the island councils.



Note: Scotland figures are the Scottish average.

Source: Local Government Benchmarking Framework 2017/18



Interactive data
available on our
website

- The percentage of unemployed people helped into work through a council operated or funded employability programme ranged from two per cent in Argyll and Bute to 30 per cent in Renfrewshire. We calculated that if all councils could increase their number to the Scottish average of 14 per cent, an additional 3,500 people would have been helped into employment in 2017/18.
- The cost of council tax collection is significantly higher in the island councils; it costs £27 per property to collect council tax in Eilean Siar and £17 per property in Orkney Island compared to the Scottish average of £7. Clackmannanshire and Fife councils spend less than £3 per premise to collect council tax. We calculated that if the 16 mainland councils who spend more than the Scottish average reduced costs to that level they would save £1.7 million and if the Eilean Siar and Orkney reduced their costs to those of Shetland Islands, they would save £209,000 and £179,000 respectively.

Education performance has improved since 2011, but progress slowed in 2017/18 and the attainment gap between the most and least deprived pupils has widened in the last year

106. Education is the largest area of council spend, and the focus of considerable national policy attention. In 2017/18, councils spent £3.9 billion on schools, and a further £0.4 billion on pre-schools. This is a one per cent and three per cent respective real terms increase on the previous year. Spending on schools has reduced by two per cent since 2011/12, but has been increasing since 2015/16, when the Scottish Government introduced its Scottish Attainment Challenge.³⁴

107. Nationally pupil attainment has been improving. Across Scotland, there has been a 16 per cent improvement in average tariff score since 2011/12. However, 2017/18 data shows that:

- For the first time there has been no change in the percentage of pupils gaining five or more awards at level 6 and the proportion of pupils gaining five or more awards at level 5 has increased at a slower rate than previous years.
- The gap between average tariff scores of the most deprived pupils and the least deprived pupils increased from 2016/17 to 2017/18. In 2017/18, pupils from the most deprived areas saw a 1.1 per cent reduction in their tariff scores while those in the least deprived saw a 0.9 per cent increase. This increased the gap between the most and least deprived by three per cent since 2016/17.³⁵

108. Performance in exams is not the only way to measure attainment. The LGBF also reports on the percentage of 16 to 19 year-olds in work, training or learning which has increased year on year since first measured in 2015/16.

Some councils have done well to improve attainment

109. We reported last year that there is variation in education performance that cannot be explained by deprivation. This is still the case. This year we have considered how councils' performance has changed since 2011/12. All councils have improved their performance despite a reduction in spend. But some councils have improved considerably faster than others and the gap between the best and worst performing council has widened ([Exhibit 10, page 42](#)):



Average Tariff Score

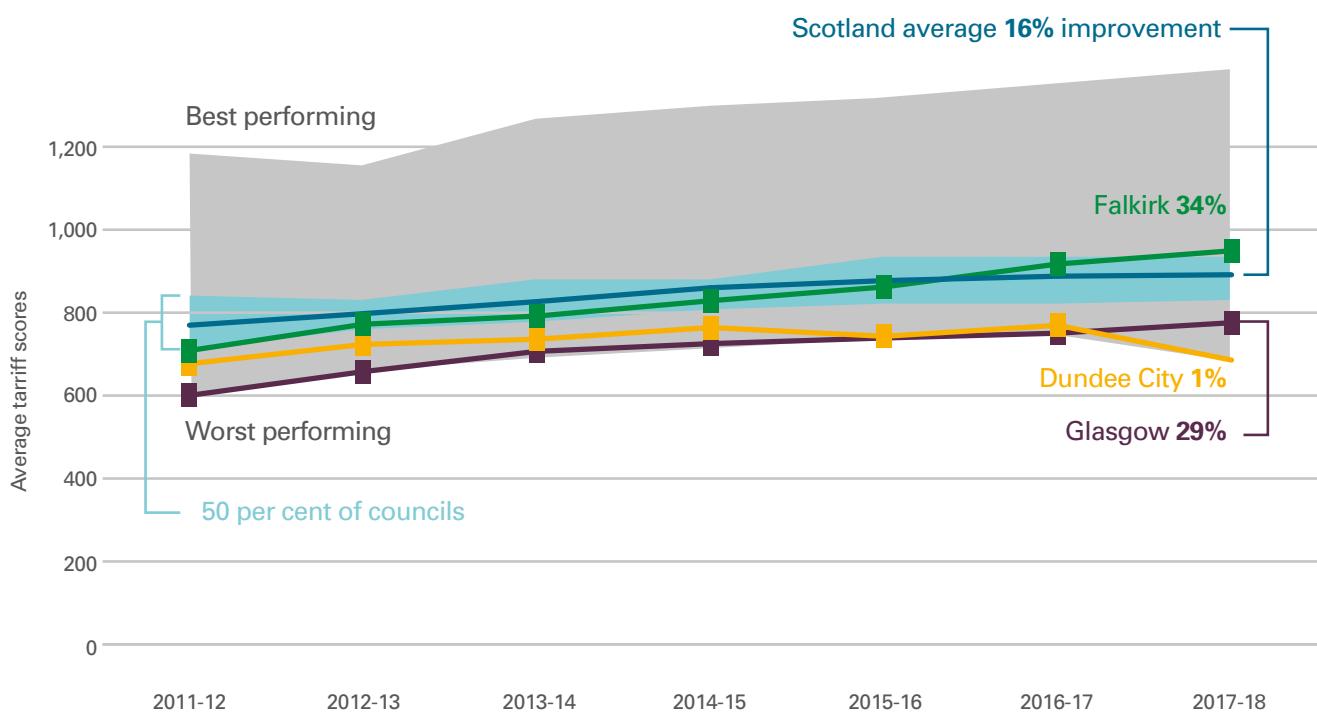
Is an overall measure of secondary attainment, taking account of all qualifications a pupil earns from age 14 until leaving school.

Tariff scores strongly reflect the total number of subjects studied which may not reflect curriculum decisions taken by the council.

Exhibit 10

Improvement in average tariff score 2011/12 to 2017/18

All councils have seen an improvement to their overall tariff scores despite reducing budgets but the gap between best and worst performing has increased.



Note: As leaver information is not available when the LGBF publishes its data, the LGBF uses data based on the year pupils are expected to leave school rather than the actual year they left. This means there are some small differences between it and data published by the Scottish Government later in the year.

Source: Local Government Benchmarking Framework 2017/18



- Falkirk Council's attainment has improved by 34 per cent since 2011/12. It is now in the top quartile for attainment, whereas in 2011/12 it was in the bottom quartile.
- Glasgow City Council has seen a 29 per cent improvement in their tariff scores although it remains in the bottom quartile.
- Dundee City Council has seen only a one per cent improvement in its tariff scores since 2011/12. It had a ten per cent drop in tariff score in 2016/17 which affected the overall trend. It has been in the bottom quartile since 2011/12.

110. The reasons behind why Glasgow and Falkirk have seen big improvements in attainment and Dundee has not, cannot be explained simply by the amount spent on education nor levels of deprivation:

- Dundee City Council spends more than the Scottish average per secondary pupil while Falkirk and Glasgow spend less.
- Both Dundee and Glasgow City councils have reduced their spend per secondary pupil by five per cent since 2011/12, a bigger reduction than the

Scottish average of one per cent. Falkirk Council has reduced spend per pupil by one per cent.

- All three councils have high levels of children living in families with limited resources compared to the Scottish average of 20 per cent. Dundee City and Falkirk have similar levels, 26 per cent and 27 per cent respectively. Forty-one per cent of children in Glasgow live in families with limited resources.^{[36](#), [37](#)}
- Dundee City Council reports that the drop in tariff scores in 2017/18 is due primarily to a higher than usual number of children leaving school at S4 in 2015/16.

111. This variation provides an opportunity for councils such as Glasgow and Falkirk to share what has helped them make these improvements. Our Best Value work, engagement with scrutiny partners and 2014 report on [**School education** !\[\]\(f1c6cbc058dfea4ba2a2b55c6ed6b047_img.jpg\)](#) suggest that the leadership and culture of the organisations have a part to play:

- We highlighted in our 2015 Best Value report on [**Falkirk Council** !\[\]\(c33922e0da300998d76af40a1b89098c_img.jpg\)](#) that it had good performance management arrangements and a strong improvement culture embedded in its education department.
- Our [**Best Value Assurance Report: Glasgow City Council** !\[\]\(38abf01ddac1e0485c81e848631074a7_img.jpg\)](#) reported that targeted actions have helped improve attainment through the Glasgow Improvement Challenge. The Care Inspectorate and Education Scotland's 2017 inspection of young people's services in Glasgow found that 'strong leadership is driving an ambitious vision to improve life chances for all children and young people in Glasgow'.^{[38](#)}
- During engagement with scrutiny partners for Dundee City Council, Education Scotland highlighted that the council will need to move from incremental to transformational change to improve attainment.^{[39](#)} In its 2018 inspection of Dundee's Attainment Challenge progress, Education Scotland found that strong leadership and higher aspirations are beginning to improve the pace of change. It also highlighted strong use of data and collaboration with Dundee University to help understand the pupils' needs and improve attainment.^{[40](#)}

112. In February 2019, Education Scotland rated Renfrewshire Council excellent in its inspection of the Scottish Attainment Challenge. It found that highly effective leadership and governance and evidence-based interventions had led to significant year-on-year improvements in closing the gap between attainment of the most and least deprived pupils.

113. We will be carrying out an audit on educational outcomes in 2019/20 which will consider the reasons for variation in attainment.

There is evidence that spending reductions and increasing demand are impacting on some services

Social care services continue to struggle to meet demand

114. Adult social care remains one of the largest areas of spend for councils and the demand for services will continue to increase as the population ages. Older



Do you know the impact of spending reductions on the services your council provides?

people in need of support are either cared for in their home by visiting care workers or in a residential care home. This care is given by a range of different providers. In 2017:

- Most care home residents were cared for by the private sector, 80 per cent, while the NHS and councils cared for 11 per cent of residents and the third sector nine per cent.⁴¹
- The private sector also provided most homecare hours, 42 per cent, councils provided 41 per cent, the third sector six per cent and a mixture of providers 11 per cent.⁴²

115. We continue to see signs that services are struggling to meet the demand for care. We reported in December 2018, that there has not yet been enough progress to address the scale of challenges with social work in Scotland and there are some outstanding areas where action is needed. In 2017/18, the number of hours of personal care at home is at the highest level since 2010/11. Between 2016/17 and 2017/18, councils have spent more on both home care and residential care, this has increased at a faster rate than the people who are cared for. This is in part due to those receiving care having increasing levels of need, as well as the payment of the living wage and overnight allowances to social care workers.

- Total spending on homecare has increased by 3.1 per cent despite only a 0.1 per cent increase in the number of hours of homecare.
- Net spending on residential care homes increased by 1.2 per cent despite a 0.6 per cent reduction in the number of residents.

116. Both satisfaction indicators in the LGBF data show a substantial drop in satisfaction with social care services. Eighty per cent of adults who receive care are satisfied with it and feel it improves or maintains their quality of life. This is down from 84 and 85 per cent respectively and is the lowest since it was first recorded in 2014/15.

117. We reported last year that local inspections raised concerns about the ability of the City of Edinburgh and Scottish Borders councils to meet the demand from older people and the quality of care provided. A progress review of the City of Edinburgh Council's services for older people found that limited progress had been made towards improving the outcomes for many older people. They and their carers were unable to get help even when their needs were critical, and often had to wait lengthy periods for the care they needed. In April 2018, there were 1,500 people in the community waiting for an assessment, waiting an average of 50 days.

118. The Care Inspectorate has also carried out follow-up inspections of Eilean Siar and Aberdeen City Councils and a full inspection of Renfrewshire Council's adult services. It found that progress has been made but observed issues around staff recruitment and retention in Eilean Siar and Renfrewshire and the capacity of care services in Aberdeen.



How is your council adjusting to meet changing demands for care services?

How is this reflected in the performance data?

Public satisfaction is falling

119. The Scottish Household Survey reported that in 2017 public satisfaction has fallen for another year:

- 52 per cent of adults were satisfied with three public services – local health, schools and transport. This is the lowest since first measured in 2007 (57 per cent) and a reduction of four per cent since 2016.
- Satisfaction amongst schools had dropped from 79 per cent in 2007 to 70 per cent in 2017.
- Satisfaction with service users was higher than the whole population, people who had children at local schools reported 87 per cent satisfaction.

120. Less than half of councils have published a residents' or citizens' survey between 2016 and 2018. Of these, five reported a reduction in satisfaction levels compared to previous years. In their surveys many councils asked satisfaction questions about specific services or aspects of service delivery. The most frequent service-specific surveys were in relation to social care, schools and education, housing, building standards and planning, children and families services and school meals. Overall, the picture varies significantly with both increases and decreases in satisfaction levels being reported for the same service across the country.

Some councils are not meeting their statutory duties in terms of homelessness.

121. The number of homeless applications increased for the first time in nine years in 2017/18, from 34,570 households in 2016/17 to 34,972 households in 2017/18. Councils have a statutory duty to provide temporary and settled accommodation to households assessed as homeless. However, some councils have been unable to meet this obligation.

- The Scottish Housing Regulator reported in March 2018 that Glasgow City Council had failed to offer temporary or emergency accommodation to 40 per cent of the 5,377 applications it had for assistance in 2016/17. It had also provided settled accommodation to just over half of the households it had a duty to provide to.⁴³
- The Local Government and Communities Committee took evidence from the Legal Services Agency who reported up to ten cases a week where households had approached them for legal help with councils who had been unable to offer temporary accommodation.⁴⁴

122. When providing accommodation, councils must ensure that households with children or a pregnant woman do not stay in unsuitable accommodation for more than seven days. In 2017/18, there were 400 cases where the household stayed longer than this time, 280 of these were in Edinburgh, 65 in West Lothian and 20 in East Dunbartonshire.

123. Councils use temporary accommodation when a permanent home is not immediately available. Temporary accommodation is more expensive for councils to provide, impacts on existing housing stock and is not the best place for people to stay long term. However, there has been an increase in the use of temporary accommodation in recent years. In 2017/18:



Do you know what your council is doing to understand how satisfaction with different services is changing?



Is your council meeting its statutory duty to provide temporary and settled accommodation to households assessed as homeless?

- there were 10,933 households in temporary accommodation, one per cent more than in 2016/17 and 6,615 children, nine per cent more than 2016/17
- the average time spent in temporary accommodation is 204 days for families and 161 for households without children
- over 13 per cent of households in temporary accommodation spent more than a year there. In Shetland, the average time spent in temporary accommodation was over a year.

124. Homelessness is a complex problem that is often the symptom of a range of different challenges. Shelter believes that the increase in homeless applications is due to the impact of welfare reform, a lack of affordable housing, an increase in people with complex needs who do not receive the support they need, and insufficient and inconsistent prevention work.⁴⁵ The Scottish Government has an objective to end homelessness, this will require a multi-agency approach. We will be reporting further on affordable housing in 2019/20 and will consider homelessness as part of the scope of this audit.

Endnotes



- 1** Local Government Finance Circulars are letters from the Scottish Government to councils. We use the letters which set out the annual funding settlement. All circulars can be found on the Scottish Government's website: <https://www.gov.scot/publications/local-government-finance-circulars-index/>.
- 2** Local Government Finance Statistics are annual statistics on council spend from returns from councils. We have not audited the information in them. They can be found on the Scottish Government's website: <https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats>.
- 3** Provisional outturn and budget estimates contain initial outturn and budget information provided by councils. We have not audited the information in them. They can be found on the Scottish Government's website: <https://www2.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/POBEStats>.
- 4** The LGBF is published by the Improvement Service and contains over 70 cost and performance indicators for local government. It can be found here: <http://www.improvementservice.org.uk/benchmarking/explore-the-data.html>.
- 5** National Performance Framework indicators are used to measure progress against the NPF. They can be found here <https://nationalperformance.gov.scot/measuring-progress/national-indicator-performance>.
- 6** Scotland's Fiscal Outlook, Scottish Government, May 2018.
- 7** The 2018 National Performance Framework is set out at: <https://nationalperformance.gov.scot/>
- 8** *Local government in Scotland: Financial overview 2017/18*  Audit Scotland, November 2018.
- 9** *Scotland's new financial powers briefing paper*  Audit Scotland, October 2018.
- 10** Projected cost pressures for Scottish local government, Improvement Service, 2018.
- 11** *Securing the future of health and social care to the 2030s*, Institute of Fiscal Studies, May 2018.
- 12** *Health and Social care medium term financial framework*, Scottish Government, October 2018.
- 13** *Poverty and inequality in Scotland: 2014-2017*, Scottish Government, March 2018.
- 14** *Poverty in Scotland 2018*, Joseph Rowntree Foundation.
- 15** Citizens Advice, Disconnected, 2018.
- 16** UK Poverty 2018, Joseph Rowntree Foundation.
- 17** *Rolling out Universal Credit*, Comptroller and Auditor General, HC 1123, June 2018.
- 18** *Homelessness in Scotland 2017-18*, Scottish Government.
- 19** City of Edinburgh, Council papers, 7 February 2019.
- 20** *Financial sustainability of local authorities 2018*, Comptroller and Auditor General, HC 834, March 2018.
- 21** Ibid.
- 22** Local Authority Capital Expenditure and Receipts, England: 2017-18 Final Outturn, Ministry of Housing, Communities and Local Government.
- 23** Statement from Rob Whiteman and Richard Paver on borrowing to invest, CIPFA, October 2018.
- 24** *Workforce strategy and metrics update 2018*, Dumfries and Galloway Council, November 2018.

- 25** These figures do not include staff who are employed by arm's-length external organisations.
- 26** Royal Institute of Town Planners written submission to Local Government and Communities Committee, 2018.
- 27** Data provided by Society of Chief Officers of Environmental Health, 2019.
- 28** Public library statistics, CIPFA, 2014 and 2017/18.
- 29** *Social work in Scotland - Impact report* , Account Commission, December 2018.
- 30** *Tipping point*, Unison, November 2018 and *Trading safety*, Unison, May 2018. Both are reports on surveys carried out by UNISON of their members. For environmental health workers, members from 21 councils responded, for trading standards members from 29 councils. The overall number of respondents is not stated.
- 31** The full range of indicators includes unit cost and public satisfaction. These are available on the improvement services website: www.improvementservice.org.uk/benchmarking.
- 32** *National benchmarking overview report 2017-18*, LGBF, 2019.
- 33** *Accounts Commission Strategy and annual action plan 2018-23* , Accounts Commission, June 2018.
- 34** LGBF included educational attainment information for the first time in 2011/12.
- 35** As leaver information is not available when the LGBF publishes its data, the LGBF uses data based on the year pupils are expected to leave school rather than the actual year they left. This means there are some small differences between it and data published by the Scottish Government later in the year.
- 36** *Children in families with limited resources across Scotland 2014-2016*, The Scottish Government.
- 37** The Scottish Government, through its Attainment Challenge provides additional funding to the councils it defined as having the highest concentration of deprivation. Glasgow and Dundee are challenge authorities. The other authorities are Clackmannanshire, East Ayrshire, Inverclyde, North Ayrshire, North Lanarkshire, Renfrewshire and West Dunbartonshire.
- 38** Joint inspection of services for children and young people in Glasgow, May 2017.
- 39** *Dundee City Council Local Scrutiny Plan 2018/19* , Audit Scotland, April 2018.
- 40** *How well is Dundee City Council improving learning, raising attainment and closing the poverty-related attainment gap?* Education Scotland, June 2018.
- 41** Care home census for adults in Scotland, 2018, NHS Scotland.
- 42** Social Care Services, Scotland, 2017, Scottish Government.
- 43** Scottish Housing Regulator, March 2018.
- 44** Local government and communities committee, Report on homelessness, February 2018.
- 45** Briefing for Scottish Government debate on ending homelessness together, Shelter, November 2018.

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