

Audit Scotland Report: An overview of local government in Scotland 2016 (Audit Scotland, March 2016)

Report by: Kenneth Lawrie, Chief Executive

1. Purpose of the Report

- 1.1. To provide Audit Committee with a summary of the Audit Scotland report, '*An overview of local government in Scotland 2016*' and the Council's position in relation to the report's findings.

2. Background

- 2.1. Each year the Accounts Commission produce an overview of issues that have arisen from their local authority audits. The overview assists councils in identifying and planning for pressures they may face in the coming year and the 2016 report explores council's financial and service performance and their journey of improving outcomes for service users and communities.
- 2.2. **An Overview of local government in Scotland 2016** was published by the Accounts Commission in March 2016. The report is based on local government audit work in 2015 and provides a high-level independent view of councils' management and performance.
- 2.3. The report should be seen as a source of information primarily for councillors and senior council officials and is in two parts. Part 1 considers the financial context in which councils operate and gives a national overview of councils' financial performance whilst Part 2 considers performance in delivering services and how councils are changing the way they operate in the context of increasing pressures, looking at the implications for councils' workforce and highlighting key aspects of governance.
- 2.4. The key messages identified in the 2016 report include:
 1. Councils need clear priorities and better long-term planning to support increasingly difficult spending decisions at a time of additional financial pressures and greater demands for services.
 2. Councils need to look beyond budget reductions which focus on incremental savings to existing services to options for more significant changes to delivering key services.
 3. Whilst performance measures show improvements across a number of areas, despite their reducing spend, this is not the case for customer satisfaction where performance has declined for some services.
 4. A key focus for savings has been, and continues to be, workforce reductions and as a result councils should ensure that they have people

with the knowledge, skills and time to design, develop and deliver effective services for the future.

5. In response to the Community Empowerment (Scotland) Act 2015, councils need to involve local people in decision making and service delivery options which are sustainable and meet local needs.
6. Councillors need to keep updating their skills and knowledge to fulfil their complex and demanding role, in particular their ability to challenge and scrutinise decisions and performance and to fully assess options for new and different ways delivering services.

3. Report Recommendations

- 3.1. The recommendations made in the report are intended to support a range of existing sources available to help councillors understand and manage their council's financial and service performance and to support them in carrying out their role effectively, such as the support available from the Improvement Service.
- 3.2. The report noted the following recommendations stating what Councillors should do, Midlothian Council's current response covering each recommendation is shown in italics:

1. Satisfy themselves that their council has a longer-term financial strategy (five or more years) supported by an effective medium-term financial plan (three to five years). These should show how the council will prioritise spending to achieve its objectives, make any necessary savings and remain financially sustainable.

Whilst the Financial Strategy presented to Council on the 8 March 2016, and the introduction of the 'Delivering Excellence' framework responds to the need for short to medium term financial planning, the Strategic Leadership Group, as part of their activities supporting the regular review and presentation of the Financial Strategy ensures that longer term planning is informed by the range of challenges and variables which potentially come into play over the longer period.

2. Appraise all practical options for how to deliver the services their communities need within the resources available. This includes examining opportunities to work with and empower communities to deliver services in different ways, and learning lessons from others and from wider public service reform. They should ensure they get all necessary information and support from officers to help them fully assess the benefits and risks of each option.

A key element of the 'Delivering Excellence' Framework presented to council on 22 September 2015 is that in reviewing services and budgets, officers should consider the full range of service delivery options, including, for example, co-production. A community engagement exercise 'Shaping Our Future' is taking place to support this work. This is to encourage residents, community groups, partner organisations and employees to tell us what the priorities are for them, their families and

their communities and to get their help to reshape our services to meet those priorities. The approach will also take account of the new draft guidance being produced in connection with the Community Empowerment Act, and officers will report on this to Council in the near future.

3. Ensure their council continues to develop workforce strategies and plans that clarify the numbers and skills of staff needed in future. In assessing their council's workforce, councillors should consider whether they have people with the knowledge, skills and time to support them effectively in making the difficult decisions that lie ahead, and to design and implement new ways of delivering services.

Work to create workforce plans, both at council and service levels, for Midlothian Council is well underway. Our HR business partners are working with Heads of Service to analyse their workforce profile and make recommendations and plans for the service level actions required to ensure that we have sufficient, appropriately skilled, employees to meet future service requirements.

4. Make sure that decision-making processes and scrutiny arrangements remain appropriate for different ways of delivering services. This includes:
 - having clearly written and manageable information to help them make decisions and scrutinise performance
 - carrying out business openly and improving public reporting

The ongoing review of scrutiny and the Planning and Performance Management Framework during the 2015/16 performance cycle includes a refresh of performance reporting and service planning and the planned introduction of the Balanced Scorecard for the pending annual report. Engagement with members, in a session focussing on 'Scrutiny and the importance of good quality performance information', as part of their development programme will also inform the ongoing review.

Further improvements to the council's approach to public performance reporting, identified in a report to Audit Committee on the 23 September 2015, have also been taken into account in the recently published Annual Performance Report 2014/15.

5. Regularly review their personal training and development needs. They should work with council staff and others to create opportunities to update their knowledge and skills in increasingly important areas, such as financial planning and management, options appraisal, commissioning services, partnership working and scrutiny. These opportunities should also be available to any new members after the local elections in 2017.

Elected members currently have access to a collective development programme and individual development discussions which cover a range of topics, including specific training for those members on scrutiny committees such as Audit. The approach and support for member

development is currently being refreshed with discussions with members informing development areas going forward.

6. Use the questions in this report and the separate self-assessment tool (see Appendix 1) to help them assess their council's position.

The assessment tool referred to in the report and attached as an appendix will be shared with all members as part of their development planning.

4. Report Implications

4.1. Resource

There are no additional resource implications.

4.2. Risk

Whilst there are no additional direct risks associated with this report, the Audit Scotland Report – An overview of local government in Scotland 2016, does ask members to consider the wider scrutiny and performance management and risk elements associated with their role.

4.3. Single Midlothian Plan

Themes addressed in this report:

- Community safety
- Adult health, care and housing
- Getting it right for every Midlothian child
- Improving opportunities in Midlothian
- Sustainable growth
- Business transformation and Best Value
- None of the above

4.4. Key Priorities within Single Midlothian Plan

Midlothian Council and its Community Planning Partners have made a commitment to treat the following areas as key priorities under the Single Midlothian Plan:-

- Early years and reducing child poverty
- Economic Growth and Business Support
- Positive destinations for young people

This report does not directly impact Midlothian Council's key priorities but a key message within the Audit Scotland Report does make reference to the need for clear priorities.

4.5. Impact on Performance and Outcomes

The report does not directly impact Midlothian Council's and wider partners performance and outcomes but it does stress the need to ensure

consideration is given to the wider strategic planning and objectives as part of the council's response to Audit Scotland's finding noted in their report.

4.6. Adopting a Preventative Approach

This report does not directly impact actions and plans in place to adopt a preventative approach.

4.7. Involving Communities and Other Stakeholders

This report does not directly relate to involving communities but the Audit Scotland Report does emphasise the need to address the requirements in the Community Empowerment (Scotland) Act 2015.

4.8. Ensuring Equalities

This report does not recommend any change to policy or practice and therefore does not require an Equalities Impact Assessment.

4.9. Supporting Sustainable Development

The recommendations in this report support Midlothian Council's position in relation to Audit Scotland's findings for the wider overview of Local Government in Scotland 2016 and therefore support ongoing sustainable development.

4.10. IT Issues

There are no IT issues arising from this report at this time.

5. Recommendations

The Committee is asked to:

- a) Note the Audit Scotland report and the position of Midlothian Council in relation to the report's recommendations.

Appendix 1 – An overview of local government in Scotland 2016 – Self-assessment tool for councillors

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Background Papers:

An overview of local government in Scotland 2016; Accounts Commission, March 2016