



REPORT TO: AUDIT AND SCRUTINY COMMITTEE ON 11 MAY 2016

**SUBJECT: AUDIT SCOTLAND LOCAL GOVERNMENT NATIONAL REPORT:
AN OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2016**

BY: CHIEF EXECUTIVE

1. REASON FOR REPORT

- 1.1 This report is submitted to Committee in terms of the Local Government (Access to Information) Act 1985, on the Chair certifying that, in his opinion it requires to be considered on the grounds of urgency in order to give early consideration to a time sensitive report.
- 1.2 The scale of challenge identified in this National Report warrants consideration by Full Council on Wednesday 25 May 2016. Reference is made in particular to Exhibit 9, page 23 of the report. At £14M, Moray Council's funding gap is 7%.
- 1.3 However, in terms of the Council's Scheme of Administration reports of this nature Audit Scotland require to be considered by this Committee.
- 1.4 Accordingly the Audit and Scrutiny Committee is asked in terms of Section III (H) (3) & (8) of the Scheme of Administration to consider the findings from the Audit Scotland National report 'An overview of local government in Scotland 2016' prior to its consideration by Full Council up to 25 May 2016.

2. RECOMMENDATION

2.1 It is recommended that the Committee:

- (i) considers the content of Audit Scotland's Report and notes the Officers' response, where appropriate, to it's recommendations; and**
- (ii) notes this report will be submitted for consideration to the meeting of Full Council on Wednesday 25 May 2016.**

3. **BACKGROUND**

- 3.1 Each year, the Accounts Commission produces an overview of Local Government in Scotland based on Audit Scotland's review of all 32 Councils. The latest report was issued in March 2016.
- 3.2 The overview provides a high level independent view on how Councils are managing their finances, demonstrating best value whilst responding to current and future financial challenges and competing service demands.
- 3.3 The Report is attached as an **Appendix** to this report and is also available on the Members portal.

4. **THE REPORT'S KEY MESSAGES**

- 4.1 The report identifies the following 6 key messages:-
- 1 Councils' revenue funding from the Scottish Government will reduce by five per cent in 2016/17, bringing the real terms reduction in revenue funding since 2010/11 to 11 per cent. At the same time, they face additional financial pressures and greater demands on services. Councils have been effective in balancing their annual budgets until not but Councillors face increasingly difficult decisions about how best to spend their reducing budgets. This requires clear priorities and better long-term planning.
 - 2 Councils' responses to budget reductions have mainly focused on incremental savings to existing services. In the face of further funding reductions, Councils should be evaluating options for more significant changes to delivering key services, beyond health and social care integration.
 - 3 Despite reducing their spending, performance measures show that Councils improved in areas such as education attainment, the quality of Council housing and waste recycling, in 2014/15. However, customer satisfaction with some services declined and there are more significant funding reductions to come in 2016/17 and beyond.
 - 4 Most Councils have reduced their workforces to save money, and many are planning further staff reductions. In doing so, they need to ensure they have people with the knowledge, skills and time to design, develop and deliver effective services in the future.
 - 5 Councils and their partners also need to respond to the Community Empowerment (Scotland) Act 2015, by involving local people more in making decisions about services, and empowering local communities to deliver services that 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, it is increasingly important that they are able to challenge and scrutinise decisions and performance, and fully assess options for new and different ways of delivering services within their reducing budgets.

5. **AUDIT SCOTLAND REPORT RECOMMENDATIONS**

5.1 Councillors should:

- 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.

Response - The current Budget Strategy includes a 3 year overview to align itself with the Council's priorities. A revised Strategy and Policy was approved by Full Council on 30 March this year. The best information currently available indicates that the Council faces a continuing challenge in relation to the financial stability of its current service provision.

- 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.

Response – Also at its meeting on 30 March the Council approved a programme of ongoing community engagement to develop:

- greater awareness of the financial challenges faced by the Council
- greater acceptance of the need for change and the options to be considered (including stopping/reducing service provision)
- greater dialogue and the changes that need to be made and
- participation in the design and implementation of change

The overarching aim is to raise greater awareness of the financial challenges faced by the Council and provide an opportunity for community groups and individuals to influence how services will be changed.

- 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 difficult decisions that lie ahead, and to design and implement new ways of delivering services.

Response – It is anticipated the Council’s Workforce Strategy for 2016/17 will be approved at Policy and Resources Committee on 10 May 2016 all with the aim of achieving the skilled, motivated and flexible workforce needed to deliver efficient high quality services that will make a difference to the community of Moray.

The strategy highlights that Council services and employees will experience significant changes over the coming years as efforts are made to reduce costs and meet increasing demand and expectations as efficiently as possible. The challenge is to actively encourage employees in this change so that a culture of improvement is created through an empowered workforce that actively contributes to better sustainable services for the future.

The main workforce priorities for this plan remain as in previous years:

- Workforce Transformation and Change
 - Employee Engagement
 - Leadership Development and Capacity
- 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.

Response - Councillors maintain a clear understanding of the financial challenges facing the Council through detailed reporting. Revenue and Capital Budget monitoring information is submitted quarterly to Service Committees along with the impact of significant issues on the current and future budgets. The overall Council’s position to Policy and Resources Committee at the end of each quarter.

Service performance information is reported to Service Committees and an annual performance report is provided to Full Council. The Council’s Performance webpage provides links to corporate performance reports. In addition under each service area, links to performance related documents across a set of standard headings are provided to assist the public in understanding their Council’s performance. Links to *mylocalcouncil* provide a national overview of performance within a national context.

- 5 Regularly review their personal training and development needs. They should work with Council staff and other 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.

Response - Training is available to all Elected Members and the programme of training focuses on key issues of Local Government awareness and emerging topics. Each Member has a personal development plan with identified training needs.

- 6 Finally, use the questions in this report and the separate self-assessment tool to help them assess their Council's position.

6. **SUMMARY OF IMPLICATIONS**

- (a) **Moray 2023: A Plan for the Future/Service Plan**
The Council is committed to delivering better public services year on year through best value, and accepts the key principle of accountability, ownership, continuous improvement and transparency.
- (b) **Policy and Legal**
None.
- (c) **Financial implications**
The report explores long term financial pressures in local government in Scotland.
- (d) **Risk Implications**
Risks associated in not considering National Audit Report findings include not meeting our statutory duty to secure best value.
- (e) **Staffing Implications**
None at this time.
- (f) **Property**
None.
- (g) **Equalities**
An Equality Impact Assessment is not needed because the reason for the report is simply for the Committee to note and consider.
- (h) **Consultations**
The Corporate Policy Unit Manager, Performance Management Officer was consulted in the preparation of this report.

7. **CONCLUSION**

7.1 **Audit Scotland's Overview Report is a useful national summary and provides Members with the assurance that previous budget reports to Council are consistent with the national messages contained within the report.**

7.2 **The key message in the report is that ultimately difficult choices will have to be made.**

7.3 Members are asked to consider within the context of the points raised in this report whether Council officers provide the relevant and high quality finance and service information required to allow them to fulfil their role.

Author of Report: Roderick D Burns, Chief Executive

Background Papers:

Ref: