REPORT TO: AUDIT AND SCRUTINY ON 28 JUNE 2017

SUBJECT: AUDIT SCOTLAND LOCAL GOVERNMENT IN SCOTLAND: PERFORMANCE AND CHALLENGES 2017

BY: CHIEF EXECUTIVE

1.   REASON FOR REPORT

1.1   To inform the Committee of Audit Scotland's report on Performance and Challenges 2017, part of the Local Government in Scotland series of national reports.

1.2   This report is submitted to Committee in terms of Section III (I) (3) and (8) of the Council's Scheme of Administration to consider reports from Audit Scotland concerning Council functions.

2.   REASON FOR URGENCY

2.1   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 as the report will help inform the Committee's development day in September 2017.

3.   RECOMMENDATION

3.1   The Audit and Scrutiny Committee is asked to consider Audit Scotland's report on Performance and Challenges 2017 report.

4.   BACKGROUND

4.1   This second overview report follows on from Local Government in Scotland: Financial overview 2015/16. The report has been placed on the Members portal as background information.

4.2   This report provides a view of the challenges facing councils, how well they are addressing these and what more they can do.

4.3   The Report, Supplement 1 – Self assessment tools for Councillors and Supplement 2 – Good Practice are attached as Appendices to this report and are also available on the Members portal.

5. THE REPORT'S KEY MESSAGES

5.1 The report identifies the following key messages -

5.1.1 Councils have faced significant challenges from a long-term decline in revenue funding and from an ageing and growing population. The scale of these challenges continues to grow. Policy and legislative changes are also placing additional demands on councils and changing how councils work.

5.1.2 Councils are responding to the challenges by continuing to adopt alternative ways of working, reducing the level of service they provide and reviewing fees and charges. While some councils are making good progress in managing services and delivering savings, others are not. The pace and scale of reform needs to increase in some councils. Despite these challenges, councils' performance has been maintained or improved.

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

6. AUDIT SCOTLAND REPORT RECOMMENDATIONS

6.1 Councillors should –

6.1.1 Set clear priorities supported by long-term strategies and medium-term plans covering finances, services, performance and workforce. These plans should inform all council decision-making, service redesign, savings and investment decisions.

Response –
The Council's Corporate Plan 2015-17 sets out how the Council will meet community planning priorities and any additional targets. Below that, sits a range of plans and frameworks that set out how resources will be needed to deliver the Corporate Plan. In the 6 months leading up to the Council elections a cross-party group was established, known as the Transition Board to prepare the foundations for the new council. Parts of this work were used to design an effective Induction Programme for councillors and the Corporate Management Team is now working with the Administration Group to prepare the next Corporate Plan.

6.1.2 Ensure that budgets are clearly linked to their medium-term financial plans and long-term financial strategies. Budgets should be revised to reflect true spending levels and patterns. This requires good financial management and

real-time information to ensure spending is accurately forecast and monitored within the year.

Response –
The council prepares and considers a three year revenue overview and a ten year indicative capital plan. The council's annual budget is based on these medium term financial plans, and the capital plan is underpinned by the council's Capital Strategy. The most recent update to the Capital Strategy was approved by Policy and Resources Committee on 19 January 2016. The current revenue and capital budgets were approved by Full Council on 15 February 2017. Budgets are regularly revised to ensure that they reflect true spending levels and patterns, with the primary revision taking place annually after the draft annual accounts are available. The latest review will be reported to Council on 29 June 2017. The greatest obstacle to developing robust medium-term financial plans and long-term financial strategies is the absence of any indicative figures from Scottish Government as to the level of financial support which local authorities might expect to be made available for even one year ahead.

6.1.3   Have an organisation-wide workforce plan to ensure the council has the people and skills to manage change and deliver services into the future.

Response –
Workforce Strategy and Workforce Plan for 2017/18 was agreed at the Policy and Resources Committee on 13 June 2017.

6.1.4   Ensure workforce data allows thorough analysis of changes to the workforce at an organisation-wide and department level. This will allow councils to better assess the opportunities and risks in staff changes.

Response –
Workforce data is analysed on a 6 monthly basis and any trends or patterns are identified. This is reported to the Corporate Management Team (CMT) (6 monthly) and the Policy and Resources Committee (quarterly) for noting and an annual report is used to inform corporate and service workforce planning. Each service undertakes workforce planning which his prepared into service workforce actions and fed up into the corporate process to ensure wider and significant issues are captured council wide. Progress against the corporate Workforce Plan is submitted routinely to the Policy and Resources Committee via performance monitoring reports as well as being monitored by the Personnel Forum and CMT.

6.1.5   Thoroughly evaluate all options for change and service redesign, including options for investing to save, and monitor the impact of change on council priorities and desired outcomes.

Response –
The work of the Transition Board referred to in para 5.1.1 above identified four work streams to address financial sustainability:
i)   Prioritisation
ii)   Efficiency Programme
iii)   Income

iv)   Lobbying government

The efficiency programme will bring together all existing streams of work, including Digital Services and procurement, and identify additional work in areas such as Shared Services. Prioritisation of services will need to consider increasing certain areas of service to meet council priorities and local demand and identifying areas of lower priority where options to minimise costs and reduce levels of service will need to be considered. Reviewing local charges, taxation to consider increases and new charges will need to be assessed alongside new approaches to improve income collection. Finally, engaging with national government about the impact of funding levels on council services will be important to ensure that the consequences of further reductions in government grant are fully appreciated by national politicians.

6.1.6   Support communities to develop their ability to fully participate in setting council priorities and making decisions about service redesign and use of resources.

Response –
The Council has been working with the Community Engagement Group within the Community Planning Partnership to support engagement. In 2016 a large engagement exercise was undertaken using social media, focus groups and surveys. Feedback on the comments and suggestions received during this exercise is now being rolled out on the council's social media.

6.1.7   Ensure councillors get support to develop the right skills and knowledge to fulfil their complex and evolving roles.

Response –
Induction was completed by all councillors following the local government elections in May 2017. An ongoing programme of training is currently underway to address service requirements. All councillors are participating in an assessment of their ongoing requirements and account is being taken of the material from the Improvement Service in designing the programme of continuing development for councillors.

6.1.8   Ensure there is clear public reporting of performance linked to council priorities to help communities gauge improvements and understand reduced performance in lower priority areas.

Response –
The Council's Performance Management Framework, approved by the Moray Council on 22 May 2013 presents how and when performance information is to be reported. As part of this framework and other national requirements, the council produces a range of Public Performance Reports annually including Complaints, Equalities, Corporate Plan and Customer Care. The Framework is due to be reviewed in 2017.

6.1.9   Continue to work to understand the reasons for variation in unit costs and performance, and collaborate to identify and adopt good practice from each other.

Response –
Formally, good practice is identified and discussed through and annual programme of Local Government Benchmarking Framework Family Group meetings facilitated by the Improvement Service. Frequent informal benchmarking is undertaken by Services as required. Annually, the benchmarking data is reported to this Committee to demonstrate changing trends in our performance and our ranking across Scotland. This allows the committee to consider further scrutiny reports to better understand the variances.

7.   **SUMMARY OF IMPLICATIONS**

    (a)   Moray 2026: A Plan for the Future and Moray Corporate Plan 2015 - 2017
While agreed recommendations from inspectorates inform planning processes, there are no issues directly arising from this report.

    (b)   Policy and Legal
Inspection processes provide assurances on the policy and practice adopted by services subject to review, and contributes to the assessment of, and improvements to, governance arrangements of the council.

    (c)   Financial implications
No financial implications.

    (d)   Risk Implications
No risk implications.

    (e)   Staffing Implications
No staffing implications beyond supporting inspection processes from within existing resources.

    (f)   Property
None.

    (g)   Equalities
None.

    (h)   Consultations
The Corporate Director (Corporate Services), the Head of HR and ICT, the Head of Financial Service and the Corporate Policy Unit Manager were consulted on the recommendations and have provided the council's position set out in paragraph 5 of the report.

5.   CONCLUSION

5.1   This report provides Committee with key messages and recommendations from Audit Scotland's Local Government in Scotland Performance and Challenges 2017 report along with an update on how the council is addressing them.

Author of Report: Louise Marshall, Performance Management Officer
Background Papers: Audit Scotland Annual Performance Report 2016/17
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