

Executive Summary

The benchmarking framework reports on how much councils spend on particular services, service performance and how satisfied people are with the major services provided by councils. The framework supports evidence based comparisons between similar councils so that they can work and learn together to improve their services. It is important to highlight that this report sets out the national position, however there is a wide range of variation in costs and performance across councils. It is this variation which provides the platform for learning and improvement.

The benchmarking framework now has seven years of trend data, covering 2010/11 to 2016/17¹. Across the seven-year period for which we present data, total revenue funding for councils has fallen by 7.6% in real terms from £10.5 billion to £9.7 billion. Education spending has been relatively protected, and child protection and social care spending have grown substantially. As these account for over 70% of the benchmarked expenditure within the LGBF, other services have taken much more substantial reductions. Expenditure on roads has fallen by 20% in real terms, on planning by 33% and on culture and leisure services by 17%.

During this time councils have achieved substantial improvements in efficiency, innovation and productivity while service output and outcomes have been largely maintained and improved. Measures of educational outcome continue to show positive progress overall, but particularly for children from the most deprived areas showing the value of council's holistic approach to children's services. The increased usage of libraries, museums and leisure facilities coupled with reduced costs, provides evidence of positive service transformation and how widely valued council services are by communities across Scotland.

It is worth noting that the improvements evidenced by the LGBF may be subject to lag effects, and the full impact of the funding reduction in some service areas may take time to work through the system. It should also be recognised that use of reserves and a public-sector wage cap underpin the expenditure trends observed, therefore the historic trend of improvements shown in the LGBF cannot be taken for granted in future years. This will particularly be the case if staff pay increases by more than in recent years following the Scottish Government's relaxation of its Public Sector Pay Policy, which although not applicable to local government employees may raise their expectations in their pay negotiations. Given the scale of the challenge facing councils, the sustainability of some services will be increasingly dependent on the ability of councils and their partners to address the underlying demand for them.

Children's Services

1. Despite real reductions in the education budget of 3.8% since 2010/11, the number of pre-school and primary places in Scotland has increased by over 30,000. Across this same period, attendance and exclusion rates have also improved. Measures of educational outcome continue to show positive progress, particularly for children from the most deprived areas showing the value of council's holistic approach to children's services.
2. In pre-school, real costs per place have risen for the third year in a row, increasing by 7.1% in the past 12 months. This reflects the additional costs associated with new entitlements introduced in the Children and Young People (Scotland) Act 2014. The percentage of funded early years provision graded 'good or better' has improved from 87.1% to 91.7% since 2010/11, although it has shown a slight reduction in the past two years.
3. There has been a year on year improvement in the percentage of children meeting developmental milestones, increasing from 70.9% in 2013/14 to 72.4% in 2015/16. Data for 2016/17 is not available until March.

¹ Headline figures within this report have been adjusted to reflect inflation, and therefore will not correspond to cash values published elsewhere

4. Expenditure on looked after children has increased by 18.9% since 2010/11 reflecting the policy priority in this area. Historic data shows significant improvement in school attendance and exclusion rates for children who are looked after, and positive trends in relation to the balance of care achieved between community and residential settings. Looked After Children statistics are published in March 2018 and so it was not possible to include current data on service performance or outcomes within this report. The introduction of thematic reporting will enable inclusion of this data when it is available.
5. In the past 12 months, there have been small reductions in real spend per primary and secondary pupil (0.2% and 0.4% respectively), with expenditure trends largely reflecting pupil number changes. Since 2010/11, real spend per primary and secondary pupil has fallen by 9.6% and 2.9%.
6. Meanwhile, senior phase attainment continues to show a very strong improving trend in 2016/17. The Scottish average tariff score has improved by 15.1% since 2011/12, and 1.1% in the past 12 months. Pupils from the most deprived areas have the fastest rate of improvement (30.5% since 2011/12 and 3.5% in the past 12 months). The pattern in the total tariff score data is replicated in the data on 5+ passes at SCQF level 5 and level 6 with average improvement rates of 17.6% and 30.8% respectively (1.7% and 3.0% in the past 12 months). For the most deprived quintile it was double that: 41.4% and 60.0% (2.5% and 6.7% in the past 12 months). There are however still major inequalities in attainment between the most deprived pupils and others. There are also very varying outcomes from pupils from similar backgrounds between councils and between schools. Continuing reform and improvement is essential, but it should be based on recognising the consistent pattern of improvement across the last six years despite the resource constraints in place. It is critical to ensure that continued reform does not disrupt the stable and consistent improvement trend already there, as schools, councils and regional improvement collaboratives adjust to new roles and relationships. This is not about whether continued reform occurs but how it is designed and implemented.
7. Satisfaction with schools has fallen for the fourth year in a row, reducing from 74% to 73% in the last 12 months, and by 10 percentage points since 2010/11. The LGBF satisfaction data is drawn from the Scottish Household Survey (SHS) and represents satisfaction levels for the public at large rather than for service users. There is considerable difference between satisfaction results observed in the SHS and those identified through local surveys.

Adult Social Care

8. Spending on care for older people has grown in real terms across the period since 2010/11 (6.3%) but not at the level necessary to keep up with demographic change (2-3% per annum). In the past 12 months, real spending on care has increased by 1.6%, a significant element of which has been focussed on meeting living wage commitments.
9. The balance of care has shifted in line with policy objectives across the period with a growth in home care hours provided (9.6%) and a relative decline in residential places (-1.1%). The percentage of people with intensive needs who are now receiving care at home has increased from 32.2% in 2010/11 to 35.3% in 2016/17. As importantly, the number of people receiving home care has decreased over time and the hours of care they receive on average has increased, i.e. in shifting the balance of care, a greater resource has become targeted on a smaller number of people with higher needs. Direct payments and personalised managed budgets have grown steadily across the period from 1.6% to 4.7% of total social work spend (excluding outliers).

Culture and Leisure Services

10. Despite a real reduction in spend of 17%, leisure and cultural services have sharply increased their usage rates and reduced their costs per use. Since 2010/11, the substantial increases in visitor numbers across sports (19.1%), libraries (47.4%), and museums (33.1%) have resulted in unit

cost reductions of 26%, 47% and 31% respectively. In the past 12 months, there has been a 3.6% reduction in spend on leisure and cultural services, largely driven by a 10% reduction in libraries expenditure. Public satisfaction rates for sports, library and museums facilities have fallen since 2010/11, with libraries and museums showing a further reduction in the last 12 months. In contrast to this trend, public satisfaction rates for parks and open spaces have increased by 3.9 percentage points over this period.

Environmental Services

11. Real spending on environmental services has reduced by 8.6% since 2010/11 with reductions in waste management (-1.4%), street cleaning (-30%) and trading standards and environmental health (-16.7%). The reduction in spend has accelerated in the past 12 months, with overall spend reducing by 4%. While recycling rates continue to improve despite these spending pressures, recent years have seen reductions in street cleanliness scores and satisfaction with refuse and cleansing.
12. Across the period, real spending on roads has fallen by 19.9%, while the road conditions index indicates conditions have been maintained and improved slightly across all class of roads. In the last 12 months, roads spending has increased by 1.6% due to an increase in capital expenditure as councils strive to tackle the backlog of maintenance and improvements.

Corporate Services

13. Council corporate and support costs continue to account for only 5% of total gross revenue spend for local government across Scotland. Real spend on support services has reduced by 13.9% since 2010/11, including an 8.1% reduction in the past 12 months. The cost per dwelling of collecting council tax also continues to reduce, falling by 40.9% over the period with the rate of reduction accelerating in recent years. Meanwhile, the collection rate continues to show steady improvement from 94.7% in the base year to 95.8% in 2016/17.
14. Sickness absence days for teaching staff have reduced by 8.2% since 2010/11 and by 0.5% in the past 12 months. However, for non-teaching staff, sickness absence has increased by 1.1% since 2010/11, and by 2.7% in the past 12 months.

Housing Services

15. Councils continue to manage their housing stock well with rent lost to voids reducing from 1.3% in 2010/11 to 0.9% in 2016/17, and a 14.2% reduction in average repair times across this period. There have also been consistent and significant improvements in terms of housing standards and energy efficiency standards, both of which are now above 90%. However, at the same time, the growth in tenant's rent arrears from 5.6% to 6.5% between 2013/14 and 2016/17 reveals evidence of the increasing financial challenges facing both housing residents and councils alike. Welfare reform and Universal Credit roll out may create further pressure on this trend and it will be important to monitor this. Where evidence is available from Universal Credit pilot councils, there has been a significant increase in rent arrears during 2016/17 following the introduction of Universal Credit Full Service.

Economic Development and Planning

16. While there has been an overall increase in the percentage of unemployed people assisted into work from council funded/operated employability programmes (9.1% in 2012/13 to 14% in 2016/17), there has been a small reduction in the past 12 months. The Business Gateway start-up rate has reduced from 19% to 16.6% across the period, including a fall from 16.9% to 16.6% in the last 12 months.
17. Councils continue to spend around 20% of their procurement spend on local small/medium enterprises (SMEs), although there has been a very small reduction since 2010/11, from 21.2%

to 20.3%. Given the pressures on council budgets this is a positive outcome as it suggests that the drive to reduce costs has not resulted in local SMEs being displaced by larger national suppliers of goods and services.

18. Real spend on planning services has reduced by 33.4% since 2010/11, representing one of the sharpest reductions across all services, and continuing in the past 12 months. Looking forward, the forthcoming Scottish Planning Bill proposes the introduction of higher fees for planning applications in line with those in England and the option to charge a pre-application fee. Once enacted this should increase planning service income generation to a full cost recovery scenario. Across this period, there has been a 23% reduction in the number of planning applications processed, and costs have fallen from £5,376 per application to £4,636 per application. In parallel, the time taken to process business and industry planning applications has reduced by 28.1% since 2012/13, from 13 weeks to 9.3 weeks.