

## Audit Scotland report: Transformation in Councils

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**Date of meeting** 29 November 2024

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### Report by Chief Executive

#### 1. Object of report

To advise the Committee on the publication of an Audit Scotland report titled '*Transformation in Councils*' and outline SPT's response to the key messages and expectations contained therein.

#### 2. Background to report

The Audit Scotland report says Councils have been transforming how they operate and deliver services for many years. Now reform is increasingly urgent, Councils have never faced such acute challenges, putting budgets and workforce under severe stretch and strain. Councils and key partners must significantly increase the pace and scale of major changes if they are to protect vital public services.

The Audit Scotland report adds that the Society of Local Authority Chief Executives (Solace) and the Improvement Service have established an ambitious sector-led Transformation Programme. This represents a positive change to how Councils work towards transformation. But work is at an early stage, and there are significant risks around workforce capacity and skills to realise ambitions, given the need to continue delivering vital services every day.

The Audit Scotland report adds that Councils cannot deliver the required reforms alone. It is essential that all relevant public bodies, including the Scottish Government, alongside community planning partners, third sector and communities, recognise the urgent need to collaborate to help deliver the change needed. A determination from both Scottish and Local Government to deliver on the commitments made in the Verity House Agreement is also critical. This will support the development and delivery of local government transformation, helping secure future local services and finances.

The Audit Scotland report can be found at: <https://audit.scot/publications/transformation-in-councils>

#### 3. Outline of proposals

The key messages outlined in the report are:

1. As financial and service demand challenges continue to deepen, councils know they urgently need to transform how they deliver services. Transformation in local government has been happening for decades, but a step change is now urgently required. Councils face barriers to transformation and progress has been slow, but reform is vital and must happen at greater pace and scale. Not doing so puts the sustainability of vital public services at risk.

2. To meet these challenges, the Society of Local Authority Chief Executives (Solace) and the Improvement Service have put in place a sector-led Transformation Programme. This is focused on developing proposals for a future operating model for councils through short-term transformation projects, dialogue with public sector partners and a forum for developing leadership capabilities. The Transformation Programme is a positive development representing a radical change to how councils work towards transformation. But the work is at an early stage. More clarity is needed on the timescales for achieving outcomes and there are significant risks around workforce capacity and skills to realise ambitions.
3. Councils cannot deliver transformation alone and it is essential that the Scottish Government and Community Planning and third sector partners support the transformation of local services through more effective collaboration. Achieving consensus on the longer-term vision for local services is crucial. Faster progress in delivering the aims of the Verity House Agreement (VHA) should also aid the development and delivery of sector-led and local transformation work.
4. Public and political support is critical. All elected members must exercise their responsibilities to give clarity on the longer-term vision and ambitions of the councils they represent. A coordinated sector-wide public engagement and communication campaign should be undertaken to help gain backing from communities. To deliver on the change now urgently needed, councils must prioritise both capacity and capability in their workforces to match the ambition and pace needed to transform. This is highly challenging given the significant pressures they face to deliver day-to-day services.

#### Accounts Commission expectations

The Commission recognises the challenging situation councils and their public and third sector partners face and welcomes the Transformation Programme. It sees the potential of sector-led transformation work, alongside other local approaches, to help councils achieve financial sustainability and deliver better outcomes in the medium to long term. Effective collaboration is needed across the sector to realise that potential. While this work is at an early stage, the Commission urgently calls for the pace to be accelerated.

In the next 12 months, the Accounts Commission expect:

- the local government sector, the Scottish Government and councils' Community Planning and third sector partners to make significant progress in agreeing a future operating model for councils and how council services can be sustainably delivered according to local circumstances;
- the local government sector to initiate an effective coordinated public engagement campaign to obtain agreement on the future operating model for councils, how it will be achieved, and the impact this will have on communities;
- Solace and the Improvement Service to sustain momentum of the Transformation Programme and be clear on the actions needed to successfully deliver across the different workstreams. This includes more clarity on timescales, costs, resources, outcomes, outputs, and impact;
- the Convention of Scottish Local Authorities (COSLA) and the Scottish Government to make sustained progress on the commitments within the VHA including to agree a fiscal framework, an accountability and assurance framework and to conclude the Local Governance Review;

- individual councils to prioritise and urgently progress the delivery of their local transformation ambitions and engage effectively in sector led transformation activity, securing political backing, and committing resources.

#### SPT's response to the Audit Scotland report

SPT has and continues to work with Partner Councils to deliver Community Planning outcomes.

SPT has and continues to work with Partner Councils and the Improvement Service on various transformational initiatives including the National Entitlement Card and related travel card administration.

SPT leads on the Strathclyde Regional Transport strategy and public transport initiatives.

#### 4. Committee action

The Committee is asked to note the contents of this report, and the Audit Scotland report titled '*Transformation in Councils*' and SPT's response to the key messages and expectations therein.

#### 5. Consequences

Policy consequences	<i>None.</i>
Legal consequences	<i>None.</i>
Financial consequences	<i>None.</i>
Personnel consequences	<i>None.</i>
Equalities consequences	<i>None.</i>
Risk consequences	<i>None.</i>
Climate Change, Adaptation & Carbon consequences	<i>None.</i>

**Name** Lesley Aird  
**Title** **Director of Finance & Corporate Support**

**Name** Valerie Davidson  
**Title** **Chief Executive**

For further information, please contact *Iain McNicol*, *Audit and Assurance manager* on 0141 333 3195.