



Audit Scotland report: Local government in Scotland overview 2023

Date of meeting 9 June 2023

Date of report 17 May 2023

Report by Chief Executive

1. Object of report

To advise the committee on the issue of an Audit Scotland report titled '*Local government in Scotland overview 2023*' and outline SPT's response to the key messages and recommendations contained therein.

2. Background to report

The Accounts Commission is responsible for holding councils and other local government bodies in Scotland to account and seeks to help them improve by reporting to the public on their performance. Importantly, the Audit Commission operate impartially and independently of councils and of the Scottish Government.

One of the key exercises the Accounts Commission undertake is to give an annual opinion of the financial sustainability of local government in Scotland. The most recent report and two supplements can be found at: <https://www.audit-scotland.gov.uk/publications/local-government-in-scotland-overview-2023>

3. Outline of proposals

The key messages and recommendations outlined in the '*Local government in Scotland overview 2023*' report are set out in five key areas, noted below. The SPT response to each matter is included.

1. Finances and resources key message

Budget constraints and increasing cost pressures are putting councils' finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Councils have had to make significant savings to balance their budgets. Increasingly difficult choices about spending priorities and service provision are having to be made.

Recommendations: The Scottish Government and COSLA need to take urgent action to finalise the '*New Deal*' for local government and agree a new partnership agreement with councils that supports collaboration and a fiscal framework for local government that supports sustainable funding and greater financial flexibility and transparency.

The Scottish Government needs to provide more detailed financial information (e.g. breakdown of type of funding and individual council allocations) to support councils longer term financial planning.

Councils need to set out medium-to long-term financial plans that detail how they will make recurring savings and reduce reliance on reserves to fill budget gaps and how council resources are targeted to achieve their long-term policy and performance priorities.

SPT Response: As members will be aware SPT maintains a medium and long term financial plan, reviewed and updated annually as part of the annual budget process. The long term plan is based on a 10 year forecast.

Importantly SPT continues to make the case and argument that transport should be considered to be a key enabler in the delivery of many other key policy areas such as healthcare and economic recovery. Integral to this is the call for appropriate and most effective use of funding in support of improving the public transport network and offering in the west of Scotland.

2. Community needs and inequalities key message

The pandemic has affected performance across all service areas. There are signs of growing backlogs and declining performance in some service areas. Councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. Some communities are facing crisis, with persistently high levels of poverty and increasing financial hardship putting additional pressure on services, at a time when councils have less capacity to support them

Recommendations: Councils should be more transparent with the public about scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need.

Councils should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources. This includes equalities data, and learning from those with lived experience.

SPT Response: SPT fully supports the drive towards more data driven based decisions, and calls for access to data across the public sector bodies that would support better decision making. Members will be aware that access to relevant data is essential to ensure that decisions on the transport network are targeted effectively.

3. Collaboration key message

The scale of the challenges ahead means that radical change is needed. It is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to provide sustainable local services and deliver a significant programme of national reform to tackle issues such as climate change, child poverty and inequalities.

The pandemic demonstrated the benefits of partnership working and shared local goals. This needs to continue. Few councils provide services jointly or share professional support services. Many councils engage well with communities and local partners to better understand local priorities and needs. Now councils must better involve service users and communities, including those with lived experience, as they redesign services.

Recommendation: Councils need to maximise the potential of collaboration by demonstrating they are working with other councils, the wider public sector and the third sector to redesign and provide services and involving service users and local communities in the redesign of services.

SPT Response: SPT welcomes Partnership working across the region and with a raft of different organisations, and importantly communities. The recent RTS development and MyBus review are examples of robust consultation, as well as the ongoing work with local authority partners and other stakeholders on specific projects. SPT welcomes this recommendation and will continue to seek collaborative arrangements which may drive more effective results.

4. Leadership key message

Leaders must think radically and make fundamental changes to how councils operate in future, building on the collaborative and innovative ways of working many demonstrated during the pandemic. Leaders need to be open with their staff, communities and local partners about the difficult decisions ahead and be clear about how change will be achieved. The level of volatility, uncertainty (such as plans for a national care service) and immediate financial pressures make planning and delivering sustainable change more difficult. Ineffective leadership and high turnover identified at several councils, alongside tensions with central government present risks to their ability to make fundamental changes at the pace needed.

Recommendation: Council leaders need to invest time and capacity in thinking radically about their future operating model, and be open and clear with communities and staff about the need for change, what that means for future service delivery and involve communities in making difficult decisions and set out a clear vision for their long-term policy and performance priorities, and how it will be delivered and monitored and work with the Scottish Government to rebuild an effective relationship.

SPT Response: SPT recognises the impact of uncertainties across the public sector landscape, and the SPT Partnership Board will continue to drive long term visions and strategy objectives, supported by robust financial plans in support of change in the transport network.

5. Workforce key message

Increasing workforce challenges, including a competitive labour market and high sickness absence levels, are putting councils under continued pressure. Councils need to innovate by developing the skills and building on the agility, flexibility and joint working demonstrated during the pandemic to make best use of their existing workforce. Wellbeing initiatives must continue and councils should monitor the impact of new ways of working such as hybrid working on both performance levels and staff wellbeing.

Recommendations: Councils need to improve workforce planning to effectively develop and deploy their existing workforce. These include:

- building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning
- updating workforce plans to reflect new models of service delivery and ways of working, including identifying and addressing skills gaps, at operational and leadership levels, making best use of their existing workforce by collaborating with

partners to overcome recruitment challenges, planning for the skills needed to deliver future services, focusing on collaborative and flexible working, including working with the higher education sector to plan and develop skills for the roles needed

SPT's response: SPT fully recognises the workforce planning challenges. SPT has and continues to engage in organisational review of needs – resources and skills. As a result the Partnership Board has considered and approved significant levels of organisational restructures, In addition a full Target Operating Model (TOM) is being developed for the operation of the modernised subway system. This TOM will consider skills needed as well as level of resources. Importantly the TOM will reflect the needs of the region in terms of operational hours etc.

4. Committee action

The Committee is asked to note the contents of this report and the Audit Scotland report titled '*Local government in Scotland overview 2023*' and SPT's response to the recommendations made 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>

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