
NORTH AYRSHIRE COUNCIL

24 August 2020

Audit and Scrutiny Committee

Title:	Local Government in Scotland: Overview 2020
Purpose:	To inform the Committee of the findings of the recent national report.
Recommendation:	That the Audit and Scrutiny Committee notes the findings and the position in North Ayrshire in relation to its recommendations as well as the improvement actions being addressed.

1. Executive Summary

- 1.1 Audit Scotland recently published its national report 'Local Government in Scotland: Overview 2020'. The supplement containing the key messages, recommendations and questions for councillors is attached at Appendix 1 and the full report can be viewed at:
[Local Government in Scotland 2020](#)
- 1.2 The review complements the Audit Scotland report 'Local Government in Scotland: Financial Overview 2018/19' which was reported to Council on 12 February 2020.
- 1.3 This covering report highlights the key messages and issues from the Audit Scotland report and provides an update on North Ayrshire Council's position in relation to the key recommendations made by Audit Scotland.

2. Background

- 2.1 The evidence used in the Audit Scotland report was compiled before the escalation of the COVID-19 pandemic and sets out their view before the pandemic began to unfold. It provides an independent overview of the other challenges facing Councils in Scotland, how Councils are responding to tightening budgets and how this affects the services provided to the communities they serve. Although the report does not address the impact that the COVID-19 pandemic will have on local government and its communities, the issues and the messages remain relevant.
- 2.2 The report highlights the context Councils were operating in prior to the pandemic, with increasing need for services for communities but also with financial pressures and uncertainties. It looks at some of the main tools that contribute to change and how effectively Councils are using these to respond to increasing demand and strained budgets. The final section of the report sets out a case study on Planning Services as an example of how these challenges are affecting an individual Council Service, how that Service is responding and the impact on its performance.
[The Challenges facing Councils](#)

- 2.3 It is recognised that there are significant challenges for local government. The first section of the Audit Scotland report illustrates these challenges and the complex landscape which contributes to the pressure on local authorities.
- 2.4 Firstly, the political and economic landscape continues to hold uncertainties. There are always uncertainties about change at a national level and the potential impact on communities and local government, but the current landscape involves some particularly significant unknowns. This makes forecasting issues and planning for the impact of these on the medium and longer term more difficult.
- 2.5 These issues include:
- The impact of the COVID-19 pandemic on the economy, public finances and public bodies
 - The impact of withdrawal from the EU
 - The national political landscape, including forthcoming Scottish Parliament elections in 2021 and debate on a second independence referendum
 - The outcome of the local governance review
 - The impact of Scotland's economic performance on public finances.
- 2.6 Secondly, changes in population continue to affect the need for and demands on services provided by local government:
- The proportion of the population over 75 years is increasing, affecting the demand for some services
 - Most Council areas are seeing a notable decrease in the proportion of children in their communities
 - Poverty and child poverty levels are increasing.
- 2.7 Thirdly, in relation to policy, local government is an important contributor to national outcome priorities. These bring additional challenges and pressures and include:
- Health and Social Care Integration
 - Tackling climate change
 - Welfare reform
 - Early learning and childcare expansion
 - Additional support for learning
 - Planning (Scotland) Act 2019
- 2.8 Finally, local government continues to face a range of financial challenges:
- The level of future Scottish Government funding is uncertain
 - The flexibility of how Councils can use this funding is reducing
 - There are increasing cost pressures including staff costs and increasing need from communities
 - Councils have been using reserves to manage funding gaps - this is not sustainable.

- 2.9 The second section of the report looks at the need for Councils to do things differently as a result of the challenges outlined above, to meet the needs of communities into the future. It is noted that Councils need to plan and implement changes that will allow them to meet the needs and improve the outcomes for their communities, in an increasingly challenging context. There are core aspects that need to be considered by political and management leaders to make good progress with this; the report identifies these key aspects as leadership, change and improvement, workforce planning, partnership working and community empowerment and engagement.

Leadership

- 2.10 The report notes that good leadership is fundamental to good governance and in setting and delivering priorities for communities. In times of increasing pressure on services and finances, this becomes even more critical.
- 2.11 Good working relationships between councillors and officers, and across political divides, is a significant contributing factor to effective strategic leadership, clear direction and to supporting effective change and improvement.
- 2.12 It is noted that changes in officer leadership need to be managed effectively and the report highlights a recent high turnover in Chief Executive and IJB Chief Officer posts. Effective leadership development is essential to ensure that change is well managed at scale and pace.
- 2.13 Elected Members also need to ensure that they have the correct skills and knowledge to provide a high standard of decision-making and scrutiny.

Change and Improvement

- 2.14 Audit Scotland emphasised in its 'Local Government in Scotland: challenges and performance 2019' report, the increasing urgency for Councils to be open to fundamental changes in how they deliver services. There is limited evidence that Councils are changing the way they deliver services to the extent that is needed to respond to the forecast financial challenges, increasing pressure on services and to improve outcomes for communities.
- 2.15 The report emphasises the importance of digital approaches. Increasingly the public expect Councils to keep pace with technological change and to be able to access services at a time and place that suits them.
- 2.16 The importance of performance management information and self-improvement tools is highlighted in supporting improvement.

Workforce Planning

- 2.17 Audit Scotland notes that there is some progress in improving workforce planning, but more still needs to be done to link workforce requirements to change plans, to ensure that Councils have the staff, skills and leaders they need to deliver change.
- 2.18 The need for Councils to deliver services differently and more efficiently should be reflected in workforce decisions. Effective workforce planning is essential to ensuring that Councils have flexibility, agility and efficiency in how they use the workforce and can deliver the level of change that is required.

- 2.19 Councils have adopted a variety of initiatives to manage skills shortages. Approaches such as apprenticeships, traineeships, grow-your-own schemes, and succession planning have been utilised. Some Councils offer existing staff the opportunity to move into expanding areas such as teaching or early learning and childcare.

Partnership Working

- 2.20 The report notes that the full potential of collaborative working is not being realised. There are examples of smaller-scale joint working, but it is not widespread.
- 2.21 It is highlighted that Community Planning Partnerships need to take a more active role in leading partnership working and strategic change in some areas. The report also notes that progress with health and social integration has been too slow.

Community Empowerment and Engagement

- 2.22 The report notes that many Councils recognise the value of involving their communities in the decision-making that affects their lives and in tackling inequalities to ensure that everyone can participate in that decision-making. However, there has been slow progress in putting the requirements of the Community Empowerment Act into practice and few Councils provide opportunities for communities to influence or take control of decision-making processes.
- 2.23 Participatory budgeting activity in Councils has been limited. The Scottish Government and COSLA have agreed that at least one per cent of Council budgets should be determined through participatory budgeting by 2021.
- 2.24 It is highlighted that the local governance review remains ongoing; the aim of the review is to ensure that communities have greater control over decisions that affect them.
- 2.25 Finally, the report notes that not all Councils are reporting their performance in a sufficiently comprehensive or transparent way.

Planning Services

- 2.26 The final section of the report sets out a case study on Planning Services as an example of how these challenges are affecting an individual Council Service, how that Service is responding and the impact on its performance.
- 2.27 In particular, the report looks at the challenges of population change and budget reductions together with the new responsibilities introduced by the Planning (Scotland) Act 2019 which requires Planning Services to have a more strategic focus.
- 2.28 Audit Scotland highlights the approach taken by North Ayrshire to address recruitment challenges in the planning team – re-designating planning officer posts to planning assistants and recruiting new graduates, with a focus on staff development.

North Ayrshire Position

2.29 The Audit Scotland report makes a number of recommendations to help Councils respond to the challenges facing local government, deliver local outcomes and improve outcomes for their communities. These fall into three main areas:

- Governance
- Collaboration
- Capacity and Skills

Governance

2.30 The recent Best Value audit of North Ayrshire found that the Council has a clear vision for the area – the strategic direction is reinforced by a record of collaboration between Elected Members and officers; in engaging with staff in improvement; and in the empowering approach taken by the council in its relationship with its communities.

2.31 The BV audit also found that the Council's has a good approach to financial planning and financial management arrangements are strong. The Council has long-term (to 2027/28) and medium-term (to 2022/23) financial plans in place.

2.32 Performance reporting systems are clearly focused on priority areas and targets are realistic and kept under review. Performance information is readily available in a variety of formats. Reports have become more user-friendly and focused in recent years.

2.33 The new Planning (Scotland) Act 2019 referred to at 2.27 above requires Councils to identify a statutory Chief Planning Officer. The Council has appointed the Senior Manager (Planning Services) to this role and is currently considering how the role can feed into the strategic decision-making process. The Chief Social Work Officer has already been included within the strategic governance arrangements.

Collaboration

2.34 The BV audit identified that there is a strong culture of collaborative working at North Ayrshire Council. Elected Members and officers work well together, and the Council works effectively with a wide range of partners including the Community Planning Partnership (CPP), the Integration Joint Board (IJB) and private business.

2.35 The Council is committed to community empowerment and is viewed as being sector-leading in its work with local communities. Six locality partnerships are established across North Ayrshire.

Capacity and Skills

2.36 The Council has a co-ordinated approach to workforce planning at Service level. The Executive Leadership Team receives regular reports on workforce planning and the challenges and opportunities across Services. The BV audit found that some further work is required to align these plans to transformation projects.

2.37 The Council has an extensive development programme for Elected Members and a leadership programme for staff at all levels of the organisation. Examples of this include the recent 'Blue Wave of Change' programme for senior managers and the Professional Learning Academy approach for teaching staff.

2.38 Appendix 1 includes a self-assessment questionnaire for Elected Members. The Council has previously completed a self-evaluation exercise for the Audit and Scrutiny Committee

and will consider extending this across the wider political base, taking cognisance of the questions outlined in the Appendix.

3. Proposals

- 3.1 It is proposed that the Committee (1) notes the findings of the Audit Scotland report and the current position in North Ayrshire in relation to its recommendations, (2) notes the improvement actions being addressed in relation to workforce planning and the inclusion of the Chief Planning Officer within the strategic governance framework and (3) notes that consideration will be given to extending the self-evaluation process across a wider political base using the questions in Appendix 1.

4. Implications/Socio-economic Duty

Financial

- 4.1 None.

Human Resources

- 4.2 None.

Legal

- 4.3 None.

Equality/Socio-economic

- 4.4 None.

Environmental and Sustainability

- 4.5 None.

Key Priorities

- 4.6 None.

Community Wealth Building

- 4.7 None.

5. Consultation

5.1 No consultation has been required in the preparation of this report.

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For further information please contact **Mark Boyd, Head of Finance**, on **01294-324560**.

Background Papers

None.

Local government in Scotland: Overview 2020

ACCOUNTS COMMISSION 



Key messages

The COVID-19 pandemic brings unprecedented challenges across communities and public services. The effect on the health and wellbeing of our communities, as well as the financial difficulties and increased levels of poverty, will be significant. The impact on the economy, on national finances and on local public services will also be considerable. This report was compiled before the escalation of the pandemic and is an overview of local government in 2019. But its messages remain relevant. The pandemic multiplies the challenges for local government further and so the need to do things differently to meet the needs of communities more efficiently and effectively are even more important.

- 1** Councils are working hard to deliver services to their communities. But the context they are working in is increasingly uncertain and complex. Demographic and social change is creating demand for services, while the strain on budgets continue to intensify. National policy commitments are increasing and the stresses on other public and third sector partners add to the difficulties in delivering services. The cumulative effect of these pressures on councils is beginning to show across service performance and use of financial reserves.
- 2** Scottish Government revenue funding to councils has reduced in real terms over the period 2013/14 to 2020/21 by 3.3 per cent. Since 2017/18 however, it has increased by 3.9 per cent in real terms, to £10.7 billion in 2020/21. This does not include additional funding in response to the COVID-19 pandemic. The strain on budgets is evident as councils continue to dip into their reserves to make ends meet. Medium-term funding levels are uncertain, making continued use of reserves to manage the funding gap unsustainable. Long-term financial planning is not well enough developed in many councils and in integration joint boards. Medium- and long-term financial planning are important tools for making well-informed decisions and to effectively manage continuing financial challenges.
- 3** Alongside the uncertainty of funding levels, the scale and complexity of the challenges for councils and integration joint boards will continue to grow in the coming years. Change is needed in how they serve their communities, so that they are able to respond to the needs and improve outcomes for people into the future, in the most efficient and effective ways. More radical thinking is needed for longer-term solutions. It requires investment of time and capacity by political and management leaders, to analyse the range of challenges for the area, develop the thinking and planning for the medium and longer term. This is difficult, in already demanding roles, but this investment is important.

- 4** Councils alone cannot improve outcomes for communities and achieve local priorities. The full potential of collaborative working with partner organisations and communities is not yet being realised. More progress is needed. Councils need to demonstrate strong leadership and collaborate with partners, including integration joint boards, NHS boards, the voluntary and private sectors, and their local communities. This is essential if they are to make best use of local resources, including the workforce, and demonstrate Best Value.
 - 5** Workforce planning is fundamental to ensure that councils have the staff, skills and leaders they need to deliver change. Some progress has been made to improve workforce planning, but much more needs to be done. As the workforce ages, councils need to be more flexible and agile in how they deploy staff, work with partners and attract younger people to work in local government and respond to specific skills gaps. This also requires comprehensive workforce data and planning.
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Recommendations

To respond to the challenges facing local government and deliver local priorities and improve outcomes for their communities:

Governance – councils and integration joint boards need to:

- invest leadership capacity in analysing the challenges and planning for the future, including:
 - plans for how services will be delivered that reflect the scale of the challenges ahead and will deliver demonstrable improvement in outcomes for communities
 - putting in place and continuing to develop medium and long-term financial planning that will inform ongoing review and implementation of plans for change.
- monitor and report on delivery of local priorities and outcomes while improving public performance reporting.

Collaboration – councils and integration joint boards need to:

- maximise the potential of collaborative working by:
 - working alongside partners to improve community planning partnerships, so that they have a clearer strategic direction and take a more active role in leading local partnership working
 - engaging with other councils, partners and communities in developing plans to improve and change the way services are delivered.
- increase the opportunity for communities to influence or take control of local decision-making and, demonstrate how communities are supported to help design or deliver local services and improve outcomes.

Capacity and skills – councils and integration joint boards need to:

- develop leadership capacity and workforce planning arrangements including:
 - effective succession planning and capacity development for leadership positions
 - approaches to increase the uptake of learning and development opportunities by councillors; to ensure that they are equipped to respond to the challenging context and their role in planning for the future
 - improving the quality and range of workforce data to give a comprehensive profile of the current organisation wide workforce
 - using this comprehensive workforce data to:
 - o identify and address skills gaps, including those related to lack of capacity or the age profile of staff
 - o plan for the skills required to deliver services, both now and in the future, including using skills from the third and private sectors, with a greater focus on collaborative and flexible working
 - prioritising the development of staff across their organisations, to build more resilient teams, focused on improving the lives of local people
 - building a learning culture to learn from experience both within and outside the organisation.

Services – councils and integration joint boards need to:

- consider how the recommendations above relate to each service.
 - for planning services this specifically includes:
 - ensuring the role of chief planning officer is positioned to contribute at a strategic level to corporate level discussion and planning
 - developing detailed workforce planning and strategies that will respond to the changing skills needs of the service and consider at a national level how collectively the limited availability of planning professionals can be addressed
 - providing effective leadership to staff for the cultural changes needed to respond to the shift in focus for this service
 - implementing changes to how the service works to improve the level of partnership working and community engagement.
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Questions for councillors

This tool captures a number of questions for councillors to consider and relates to our report [Local government in Scotland: Overview 2020](#). It is designed to prompt thinking on a range of issues to better understand your council's position and to consider areas you may want to seek further information on or scrutinise.

Questions for councillors to consider	How well informed am I?	Do I need to ask any further questions?
Leadership		
1 Am I aware what succession planning and leadership development arrangements are in place for the corporate management team? Am I satisfied that these are appropriate?		
2 Do I know what issues I need to develop my knowledge or understanding of? How do I plan to get the appropriate training?		
3 Do I have access to training and learning materials that meet my needs? Do I have a personal development plan in place for training, learning and development that will assist me to be as effective as possible in my role?		
4 How effectively do the council's medium- and long-term financial plans reflect the population projections for my area and the resulting need for services and infrastructure?		
Cont.		

Questions for councillors to consider	How well informed am I?	Do I need to ask any further questions?
Change and improvement		
5	How clear are my council's plans for the changes needed so that outcomes for communities are improved alongside managing the financial and demand pressures?	
6	How do I know my council is delivering on the outcomes it has committed to achieve for local communities?	
7	Do I receive clear, timely and sufficiently detailed performance information to effectively scrutinise service and corporate performance?	
8	Is my council systematically using self-evaluation approaches corporately and in services to inform improvement? How involved or informed am I of the results and monitoring of improvement plans?	
Workforce planning		
9	Do we have detailed corporate and service level workforce planning?	
	How clearly do they set out the current and future staff capacity and skills required and how this will be managed?	
	How am I involved in scrutinising the effectiveness of workforce planning?	
	Do I know how the council is addressing any specific issues with the workforce age profile or skills gaps in services?	
Cont.		

How well informed am I?		
Questions for councillors to consider	What do I know?	Do I need to ask any further questions?
Partnership working		
10	How well do I understand all the partnership arrangements of my council?	
	How effectively is my council working with partners to deliver services better and/or save money?	
	What steps is the council taking to ensure partnership arrangements meet their full potential?	
11	What obstacles are facing our area's IJB?	
	Am I aware of the steps taken to identify and address these obstacles and to improve the pace of integration?	
Community empowerment and engagement		
12	What do I know about the purpose and aims of participatory budgeting?	
	What do I know about my council's approach to participatory budgeting, and how effectively is it using this to empower communities?	
13	How well is my council providing clear, balanced and accessible information to the public about how well it is performing, what needs to improve and how it is addressing this?	
Planning services		
14	How well informed am I about the requirements of the Planning (Scotland) Act 2019 and what this means for the council?	
15	What do I know about the demographic makeup and the projected changes within the council area?	
	How effectively is the council using this information to plan how we deliver services, including planning services?	

How well informed am I?		
Questions for councillors to consider	What do I know?	Do I need to ask any further questions?
16	Do I know how well prepared my council is to deliver the requirements of the Planning (Scotland) Act 2019?	
	How do I know if the planning service has the skills, capacity and resources to implement the new responsibilities the Act brings?	
17	What am I and the council doing to improve or restore community trust, confidence and respect in planning services?	
18	How confident am I and what assurance do I have that the council is well prepared to make the shift in planning services from the regulatory role to include more proactive engagement with communities and other partners?	
19	Do I know how the council is addressing any specific issues with the workforce age profile or skills gaps in services, such as planning services?	



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