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**NORTH AYRSHIRE COUNCIL**

**5 September 2023**

**Audit and Scrutiny Committee**

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**Title:** **Accounts Commission's Report: Local Government in Scotland: Overview 2023**

**Purpose:** To inform the Audit and Scrutiny Committee of the findings of the recently published report.

**Recommendation:** That the Committee notes:

- (i) the findings of the Accounts Commission report,
- (ii) the key messages and recommendations contained therein; and
- (iii) North Ayrshire Council's current approach in relation to each.

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**1. Executive Summary**

1.1 The Accounts Commission recently published its national report 'Local Government in Scotland: Overview 2023'. This report is the third and final report in a series of annual overview reports examining how the pandemic impacted on Councils and their performance, identifying the current and future challenges facing Councils and examining how well placed Councils are to deal with these challenges. A link to the full report is attached as follows:

[Local Government in Scotland Overview 2023](#)

1.2 The report notes that Councils have never faced such a challenging situation and indicates that radical change is needed to maintain services. This is supported by key messages and recommendations in relation to:

- Finance and Resources;
- Community Needs and Inequalities;
- Collaboration;
- Leadership; and
- Workforce.

## 2. Background

2.1 The Accounts Commission has published a national report, 'Local Government in Scotland: Overview 2023', which is the third report in a series reporting on the impact of the Covid-19 pandemic. This report builds on the previous reports in the series and examines:

- How has the pandemic affected Councils and their performance;
- What are the current and future challenges facing local government; and
- How well placed are Councils to deal with the current and future challenges.

2.2 The Local Government in Scotland: Overview 2023 is based on evidence gathered from a range of local and national audit work carried out throughout the year and includes data and information to the end of March 2022.

2.3 The report identifies a number of key messages in relation to the challenges faced by Councils, including demand and workforce pressures and future funding forecasts:

- **Finance and Resources:**

Council finances are under severe strain from budget constraints and increasing cost pressures. This is further exacerbated by the increased use of ringfencing to deliver national policy initiatives which impacts on local decision making and contributes to the need for significant savings to balance budgets.

- **Community Needs and Inequalities:**

Performance has been impacted by the pandemic resulting in growing backlogs and declining performance in some areas. Although Councils have a clear focus on tackling poverty, high levels of poverty and increasing financial hardship is putting additional pressure on services.

- **Collaboration:**

Radical change, including increased collaboration with local partners and communities, is required to ensure the sustainability of local services and ensure that issues, such as climate change, child poverty and inequalities, are addressed.

- **Leadership:**

Leaders must think radically and make fundamental changes to how Councils operate. Ineffective leadership and high turnover present risks to Councils' ability to make the fundamental changes required.

- **Workforce:**

Workforce challenges are putting Councils under pressure. Innovation is required to make the best use of the existing workforce and ensure a positive impact on performance and staff wellbeing.

2.4 The report makes a number of recommendations in relation to these key messages, including:

2.4.1 *Councils need to set out medium and 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 long term policy and performance priorities.*

**NAC response:**

Robust financial planning and management in line with our approved financial framework ensures that resources are targeted to our key priorities.

The financial framework to support this includes medium and long term financial planning or both revenue and capital investment and specific strategies for the utilisation of reserves and the investment and management of available funds:

- Long-Term Financial Outlook to 2030/31;
- HRA 30 year Business Plan;
- Medium Term Financial Outlook to 2025/26;
- General Services Revenue Estimates to 2025/26;
- Treasury Management and Investment Strategy 2023/24;
- Reserves Strategy; and
- 10 year Capital Investment Strategy and Programme to 2030/31.

The development of the new Council Plan 2023-2028 sets out the council's key priorities and planned outcomes. This will be underpinned by a performance management framework and importantly, will be vital in prioritising investment when allocating the council's available financial resources.

2.4.2 *Councils should be more transparent with the public about the 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.*

**NAC response:**

Levels of demand and any identified backlogs across key services are regularly reported to elected members. Specific responses in relation to some of the key services highlighted within the report include:

The HSCP has identified growing demand for social care services, driven by an aging population and a decline in mental wellbeing. This growth in demand is exacerbated by increased difficulty in recruiting staff to many professions with care providers finding staff recruitment and retention challenging. This impacts directly on service provision as the HSCP finds it increasingly difficult to arrange packages of care as providers cannot respond to the demand. In order to address staff shortages in key service areas, such as care at home, the HSCP has been running a recruitment campaign, with numerous face-to-face recruitment events, and a job evaluation review has increased the rate of pay for our care at home workers. It is hoped this will increase recruitment levels and retention rates in this area of the workforce.

Within the Housing service, North Ayrshire Council does not restrict access to either homeless service provision or housing support provision and services remained fully

operational throughout the pandemic. Although demand has returned to pre pandemic levels, there is no backlog to access provision.

*2.4.3 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.*

**NAC response:**

The Council's key strategies are developed and reviewed based on all available data. This includes:

The Council Plan 2023-2028 : formulation of the Plan was informed by use of data relating to population decrease and demographic change, child poverty, the Scottish Index of Multiple Deprivation, as well as data on climate change. The Council Plan also identifies Lived Experience as central to our approach to improving services and developing policy.

The Child Poverty Strategy : key actions to tackle child poverty and the cost of living crisis have been developed and prioritised based on extension research, key indicators, case studies and our residents' lived experience.

The HSCP engages with those with lived and living experience in a number of ways, for example through the Care Improvement Network and Locality Conversations, through representation on the Alcohol and Drugs Partnership or through the Peer Recovery Workers in the Drug and Alcohol Recovery Service. Data from a wide range of sources is utilised through the Strategic Needs Assessment to help understand future service demand.

The Council's Performance Strategy demonstrates how we support a culture of continuous improvement with performance against the Council Plan and other key Strategies subject to six monthly reports to elected members.

*2.4.4 Councils need to maximise the potential of collaboration by demonstrating that 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.*

**NAC response:**

Regional collaboration with the other Ayrshire councils is already present through the Ayrshire Regional Economic Partnership, the Ayrshire Growth Deal and the Community Wealth Building Commission. The North Ayrshire Community Planning Partnership's (CPP) Local Outcome Improvement Plan (LOIP) describes how all partners work together to provide better services with the aim of making sure that the people and communities of North Ayrshire are working, healthier, safe, and secure. The CPP's Community Engagement Network facilitates partnership working to share good practice, experience, and opportunities in North Ayrshire, and contribute to the Partnership's Community Engagement Strategy.

The Housing Services' Customer Participation Strategy for 2023-2028 sets out strategic priorities for the development and support of tenant and customer

participation, with the Strategy itself being developed in consultation with tenants, residents and other stakeholders.

The HSCP consults with local citizens through the Care Improvement Network, which is an online network of service users, and through the revamped Locality Conversation approach. This series of conversations in each locality enables services to engage directly with interested local citizens around planned changes to services or new developments.

It is recognised however, that further collaboration opportunities across councils, communities and the third sector will require to be explored.

#### **2.4.5 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 service delivery;*
- *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.*

#### **NAC response:**

The Council Plan 2023-2028, approved by Council on 21 June 2023, was prepared through working closely with communities across North Ayrshire and sets out our vision for North Ayrshire and the key priorities to support achievement.

A collaborative approach was taken to its development including consultation with staff, community group representatives across all localities, residents and the third sector.

The Plan confirmed our vision of “A North Ayrshire that is fair for all” and is constructed around four strategic priorities of:

- Wellbeing;
- Communities and Local Democracy;
- Climate change; and
- A Sustainable Council.

We contribute to the delivery of Scotland’s 11 National Outcomes and our Performance Framework will actively manage performance on delivery of the Plan and support delivery of the National Performance Framework.

#### **2.4.6 Councils need to improve workforce planning to effectively develop and deploy their existing workforce. This includes:**

- *building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning; and*
- *updating workforce plans to reflect new models of service delivery and ways of working, including how they*
  - *identify and address skills gaps at operational and leadership levels;*
  - *make best use of the existing workforce by collaborating with partners to overcome recruitment challenges; and*

- *plan 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.*

**NAC response:**

The shape of our workforce is critical to the delivery of efficient and effective services and is a significant factor in how we transform our Council and deliver our financial challenges. Our workforce planning approach is live and organic and utilises a variety of tools and techniques to ensure our workforce requirements for the future in terms of skills and capabilities are planned.

Services are able to analyse key workforce data which impacts on the workforce plan at all levels, including areas such as headcount, demographics, attrition rates, absence, additional costs and employee relations data.

Each Head of Service has a workforce plan which is reviewed and updated on a 6 monthly basis to ensure that the workforce is organised and structured in the right way, with the correct skills to meet current and future needs and to ensure that priorities are delivered within an affordable budget.

Early intervention is crucial to attracting our future workforce and ensuring that we have the right people with the right skills to meet areas of demand. This includes developing a skills pipeline and working with Universities and Colleges to ensure that courses complement our jobs of the future; providing opportunities for our young people to transition from education to employment through a variety of programmes such as the Modern Apprenticeships, Skills for Life initiative and Developing the Young Workforce Programme; and upskilling our existing workforce.

These alternative routes into employment are also key to addressing the recruitment issues experienced across areas such as Health and Social Care, Teaching and Regulatory services with programmes such as Modern Apprenticeships, Trade Apprenticeships and the Graduate Programme also enabling employees to develop their skills while in work.

It is important to recognise the potential and aspirations of our existing workforce. Growing our own talent provides our employees with opportunities to transition into new occupations within the organisation with, for example, Teaching and Social Worker roles open to internal candidates as a retraining opportunity. In-house initiatives such as skills development, the Leadership Academy and other developmental opportunities support employees to achieve their full potential. Creation of career paths is another way to support the continued development of employees retaining key skillsets and experience for the future.

Succession Planning is a key element of our workforce planning strategy which enables us to identify and develop potential future leaders and senior managers, as well as individuals to fill other business-critical positions, either short-term or long-term. As well as training and development activities, this may include the provision of practical, tailored work experience relevant for future senior or key roles. The aim is for the organisation to be able to fill key roles effectively if the current post holder were to leave.

2.5 In summary, whilst the council can already demonstrate progress across a number of the key recommendations included in the Accounts Commission report, it is recognised that significant challenges lie ahead which will require further progress across a range of areas and some potentially difficult choices for all councils to consider.

### **3. Proposals**

3.1 It is proposed that the Committee notes:

- (i) the findings of the Accounts Commission report,
- (ii) the key messages and recommendations contained therein; and
- (iii) North Ayrshire Council's current approach in relation to each.

### **4. Implications/Socio-economic Duty**

#### **Financial**

4.1 None.

#### **Human Resources**

4.2 None.

#### **Legal**

4.3 None.

#### **Equality/Socio-economic**

4.4 None.

#### **Climate Change and Carbon**

4.5 None.

#### **Key Priorities**

4.6 None.

#### **Community Wealth Building**

4.7 None.

### **5. Consultation**

5.1 Executive Directors and Heads of Service have been consulted on the NAC responses to the key messages highlighted within this report.

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For further information please contact **David Forbes, Senior Manager (Strategic Business Partner)**, on **01294 324551** or **DavidForbes@north-ayrshire.gov.uk**.

**Background Papers**

Accounts Commission's Report: Local Government in Scotland: Overview 2022, Audit and Scrutiny Committee, 27 September 2022