

### **Draft Officer Response to Scottish Parliament Local Government and Communities Committee**

#### **Question 1: How has COVID-19 impacted the local government sector, in particular, council finances? Which council responsibilities are most impacted?**

**Response:** COVID-19 has had a very significant impact on local government, with almost all services to our community being locked down and stopped for a number of weeks and months. Some of these services are highly important to our communities - Education in particular was stopped for 3 months; Leisure Services, Libraries, etc. have been very significantly impacted with almost all services closed until September 2020. A range of services have managed to continue in a much reduced manner, such as: waste, environmental services, building services (providing building improvements and repairs works to the Housing estate and to General Fund buildings).

Social Care services have been significantly impacted during the peak of the crisis as staff were significantly at risk of catching COVID-19 and there were high levels of staff absence, though services were continued. Older People's care homes were particularly impacted and a range of services were stopped (adult care provision in locality centres, older people's day care) and others significantly altered.

Council finances have been impacted due to: additional costs incurred in managing the impact of COVID-19; lost income as services were stopped or demand reduced; expected ongoing costs and recovery costs as COVID-19 continues to impact the way we work. The value of financial impact will depend on how COVID-19 continues to manifest itself both locally within the Council area and in the wider Scottish population. As UK Government policies to assist COVID-19 work through e.g. end to Job Retention Scheme it is likely that we will see significant increases in unemployment as businesses either fail or reduce workforces to stay afloat. This is likely to have an impact on future ability to collect Council Tax and Housing Rents, as well as income from businesses in terms of rent for commercial properties owned by Councils and Non-Domestic Rates. Capital projects were delayed and this is likely to have an impact of costs of these projects.

#### **Question 2: Which parts of local government have been least affected or most resilient?**

**Response:** Support services (such as Accounting, Benefits Administration, HR, ICT, Legal) were able, in West Dunbartonshire, to operate on an ongoing basis - mainly through staff being able to relocate and work from home. This was facilitated by the Council having previously invested in significant upgrades to ICT systems and through staff being able to access hardware and software systems through remote access means.

Regulatory services such as Planning and Building Services, Environmental Health and Licensing were able to continue to operate albeit with a reduction in visits to premises during the initial period and significantly reduced income. Some of those regulatory areas (Licensing/Environmental Health and Trading Standards) took on significant additional work in dealing with the impact of the pandemic on businesses and consumers as well as (in the case of Environmental Health) implementing test and trace.

Whilst Social Care services were highly impacted key service provision was able to be continued - assisted by volunteering. Other support to communities were maintained and enhanced to support vulnerable groups including those asked to shield.

**Question 3: What help will councils need in future from the Scottish Government or others to overcome the ongoing financial strain?**

**Response:** The Scottish Government has provided financial assistance so far, however it is not clear that the level of funding made available to date will be sufficient either in 2020/21 or in future years. Depending on how the pandemic plays out it is possible that services will struggle to re-open fully and/or "consumer" confidence significantly diminished resulting in significant challenges to services that are paid for. "Consumer" confidence may also have a significant economic impact in the remainder of 2020/21 and future years impacting local businesses and employment levels. A more depressed local economy is likely to significantly impact income in Licensing, Planning and Building Services. There is significant financial uncertainty as to what might happen over the next few months/years.

ALEOs such as Leisure Trusts have been significantly impacted and are expected to continue to be for the foreseeable future as physical distancing significantly reduces numbers of customers able to access services; again "consumer" confidence is a significant risk for such services. For West Dunbartonshire - the Leisure Trust will almost certainly require financial support at some point in the relatively near future.

The return of schools to full time education has the potential to see significant additional costs incurred, though the SG has provided significant funds and flexibilities in relation to three earmarked Education grants which should assist, however this position will need monitoring as the pandemic progresses and how schools continue to operate.

Social Care costs are projected to be significantly higher than budgeted in 2020/21, and whilst the SG has committed to funding these costs, funding actually confirmed to date does not meet the current cost projections. The SG does require to fund these costs.

If additional funding is insufficient then it will be important for Councils to be provided with financial flexibilities either by the SG or UK Government. Not providing sufficient financial support or additional financial flexibilities would put significant additional financial pressures on Councils at a time when all will

already have significant financial pressures and cost reduction processes required to set budgets for 2021/22 already.

Financial flexibilities such as being able to charge the cost of COVID-19 to capital, or allowed to use capital receipts to fund, freeing-up funds held by some Councils following Loans Fund Reviews to be able to be used for wider purposes, removal of cap on Council Tax increases, allowing Councils to recover any financial impact over a number of years rather than in the immediate financial year after the impact, PWLB principal or interest holidays. All of these flexibilities can be implemented to allow the financial impact to be significantly mitigated.

As stated above Councils already face significant financial issues for 2021/22 and allowing flexibilities in terms of the wider financial strain to Councils will also be important - as it is likely that Councils in setting budgets in 2021/22 will require to remove jobs from their structures to reach a balanced budget - this is not a good time for Councils to be shedding jobs as will exacerbate the likely economic impact locally and across Scotland, so a wider consideration of such flexibilities by SG would be very helpful, not just to Council finances, but to the Scottish economy. Pay award constraint on Council staff will also be important as a significant proportion of the costs of running Councils are staff costs and recent uplifts have increased financial pressures on Councils.

**Question 4: What can local government sector do, in the short and long term, to manage the financial impact of the crisis? What positive examples can councils and others share about the good work done at local government and community level to lessen the crisis?**

**Response:** Aim to control costs and operate as efficiently as possible. It may be necessary to optimise service provision to minimise their net running costs e.g. by concentrating provision in fewer places e.g. leisure services formerly in 20 locations being provided in 10, etc.

Seek to generate additional community volunteering resource to assist peaks in demand, etc.

As the country moves through the SG routemap out of lockdown there will be opportunities to consider how Councils provide services and operate in the future. The lockdown "forced" councils to operate in different ways with staff now working in a much more flexible manner than before. It is anticipated that this will bring new opportunities for more cost-effective ways of working in the future.

**Question 5: How soon do you think the sector will be back to normal? Or is this time for a "new normal" in the way we deliver some council services or practice local democracy? If so, what will it look like?**

**Response:** This is almost impossible to predict - if no vaccine is developed, or if pandemic continues to infect people over a medium to longer terms, then returning to "normal" may not happen for some time.

It is very likely that in order to manage financially that a "new normal" will be required to be implemented in short to medium term and once this is done it will be very difficult to change back to the previous "normal" as that will have additional cost which is likely to not be affordable.

Sharing services would seem to be a smart way forward to reduce management costs, whilst consideration should be made nationally around the organisation of services across Scotland e.g. can there be a reduction in Councils, Health Boards, other public sector organisations.