

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit and Performance Review Committee: 11 June 2014

Subject: The Accounts Commission Report: An overview of local government in Scotland 2014

1. Purpose

- 1.1** The report is to provide Members with information regarding a report recently published by the Accounts Commission.
- 1.2** The report provides the Accounts Commission's perspective on local government in Scotland based on recent audit work. It builds on previous years' reports (reported to this Committee on 29 August 2012 and 22 May 2013) and focuses on how Councils are responding to the pressures which were identified in the previous report.

2. Recommendations

- 2.1** Members are asked to consider the report and the checklist at Appendix 2 of the report and agree:
- i) that a fuller consideration of the issues should form part of a Members Seminar to be arranged at a future date; and
 - ii) that the Chief Executive takes the report to the Community Planning Partnership Board for a wider consideration of the issues highlighted.

3. Background

- 3.1** The Accounts Commission is interested in the impact of various pressures on local government and in how Councils are dealing with these pressures.
- 3.2** In the last two years the Accounts Commission provided overview reports which concentrated on the pressures that local government is facing and how Councils were planning to meet those challenges. This year's report can be considered as a follow-up to these reports. It examines how councils have responded, and provides a high-level, independent view on the progress councils are making in managing their finances and achieving Best Value. The report aims to provide help to councillors in identifying priorities in 2014.
- 3.3** The report focuses on what more needs to be done, setting out the context for local government and the key role of councillors within that; considering what more councillors need to know about current services and the options for providing services; and focusing on key elements needed to deliver Best Value, i.e. leadership and governance, and how more can be achieved through partnership working.

4. Main Issues

- 4.1** The report highlights a number of issues for Councils including on page 7 of the report a set of key messages. On page 8 a key recommendation is identified which identifies a number of key priorities for Councils, summarised as follows:

4.1.1 Members require to understand the changing context and crucial role of members

Councils are continuing to operate in challenging financial circumstances and against a backdrop of increasing expectations and demands on services. To achieve success for their local communities, councillors need to maintain a good understanding of the rapidly changing economic, social and political context within which their council operates.

i) Continuing pressures of finances and services

Funding has been relatively flat recently but is a real-terms reduction (given inflationary pressures) and is likely to reduce in future. Demand for some services is increasing and the demographic demand issues around care for older people will become more apparent;

ii) Public service reform provides challenges and opportunities for new approaches to services

Options for service delivery models should be considered when planning for future delivery and some public reforms may be catalysts to this, for example Welfare Reform, Health and Social Care Integration, etc. Some of these opportunities may be in supporting community empowerment.

iii) Keeping up to date through training and development

Due to the ongoing changing political, financial and service demand contexts it is important that Members continue to develop and take part in training opportunities.

4.1.2 Meeting User Demands and Financial Challenges

The report advises that Councils need to consider options to decide which services best meet the needs of the people and communities they serve. In so doing, they must comply with their statutory duty to provide Best Value. Pressures are building and councils need to identify innovative and ambitious approaches to services and then make consistent use of options appraisal to decide the way forward. Changes always carry some degree of risk and Audit Scotland's expectation is that councils should be risk aware, not risk averse.

In order to meet these demands the report advises that Members will need:

i) Good information to support decision-making and accountability, consistent with Best Value responsibilities

To scrutinise and assess services, councillors need good information on performance and costs of current service activities and this information should comprehensively cover cost, outcomes and service

user views and more information on best value is required along with outcomes of self-evaluation processes. The planning and scrutinising of outcomes is particularly highlighted as good practice.

ii) Councils need to consider options for new ways of working and changes in the way services are delivered and paid for

The report advises that whilst service provision is often founded in legislation, Councils have substantial discretion around how and to what extent services are provided. The report suggests that Members, in considering how to best allocate scarce resources will need good option appraisal information and Audit Scotland expects option appraisals to be a standard part of the decision-making process. Any consideration of the use of Arms-Length External Organisations should be made in full considerations of all issues around best value. The report highlights opportunities to ease the cost of service provision through good procurement practices and by appropriate charging regimes.

iii) Making better use of benchmarking to support service improvement and public reporting

Using cost and performance information to benchmark with other organisations can be a useful tool in identifying options for new or different ways of working and providing services.

4.1.3 Providing strong leadership and governance to support change

The report recognises that there has been a significant change in the political make-up of councils in recent years alongside significant changes at senior officer level. Trust, confidence and good conduct between councillors, and between councillors and officers, are essential for good working relationships. The report also emphasises the importance of good governance, including the structures which provide the basis for good financial governance, and the role and behaviours of councillors and officers in ensuring effective governance in practice.

i) There is evidence of increasing political tensions and instability which is leading to strained working relationships

The report highlights examples where lack of political stability threatened progress and improvement and emphasises that in the best performing councils are able to identify when to set aside political differences and work on a constructive basis to support the council as a whole. In these councils, councillors from all political groups generally agree on the overall priorities for the area, with debate focusing on how best to deliver them.

ii) Decisions on services are becoming increasingly difficult and require strong leadership and governance

It is noted that as resources become more restricted staff reductions have taken place and the report advises that it is important that these decisions are made in the understanding of potential impact on service provision, including support functions. Audit Scotland's view is that

ongoing staffing reduction is not sustainable and options around service provision are more likely to be more common; noting that such decision-making requires strong leadership – both to implement and see-through.

iii) Effective governance of finances is more important than ever

In the current financial circumstances, the principles of good governance are more important than ever. This means providing clear direction and strong control, regardless of how services are provided. The role and independence of the Audit Committee is seen as important. The report emphasises the importance of the role of the Chief Financial Officer and other statutory officers.

iv) Reserves have increased but the level of ‘free’ reserves has fallen, partly because they have been applied to reduce funding gaps

All Councils in 2012/13 balanced their finances and most reported underspends. Some Councils used “free” reserves to ease financial pressures. Reserves increased, though the majority of these reserves were earmarked for specific purposes, rather than being “free” and free reserves actually reduced.

v) Achieving more from partnership working requires strong shared leadership supported by more effective governance

Community Planning is seen as a key driver to develop and improve partnership working and the Statement of Ambition published by the Scottish Government and COSLA highlights that significant improvement is required, due to the likely future financial circumstances.

vi) Partnerships need to identify and make better use of the overall resources available in their area

The report advises that Community Planning Partnerships (CPP) need to focus more clearly as to where they can make the most difference in the challenges facing communities. CPP plans need to show how the combined resources of the CPP are aligned and targeted at inequalities to achieve agreed outcomes. CPP service planning and budget planning should be aligned to ensure that partner budget and priority setting is aligned to the community planning priorities.

4.2 At Appendix 2 of the report there is a checklist for Councils to consider as a focus for improvement.

5. People Implications

5.1 There are no personnel issues.

6. Financial Implications

6.1 There are no direct financial implications arising from this report.

7. Risk Analysis

- 7.1** The report from the Accounts Commission highlights the important role of councillors in financial planning and financial governance. The continued input of councillors in these processes going forward is necessary in order to provide leadership to the community and to ensure effective financial governance within the Council. The checklist provided at Appendix 2 of the report may be helpful for councillors to consider.

8. Equalities Impact Assessment (EIA)

- 8.1** There are no issues.

9. Consultation

- 9.1** This report has been subject to a check by Legal, Democratic & Regulatory Services.

10. Strategic Assessment

- 10.1** This report relates to delivering Fit for Purpose Services as the main thrust of the report considers how best to prepare and support Elected Members to undertake their role in the decision making of the Council.

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Date: 26 May 2014

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Appendix: The Accounts Commission report: An overview of local government in Scotland 2014

Background Papers:

1. Report to Audit and Performance Review Committee 29 August 2012: *An overview of local government in Scotland – Challenges and change in 2012*
2. Report to Audit and Performance Review Committee 22 May 2013: The Accounts Commission's overview of local government in 2013: *Responding to the challenges*

Wards Affected: All wards affected.