

WEST DUNBARTONSHIRE COUNCIL

Report by the Executive Director of Corporate Services

Audit and Performance Review Committee: 22 May 2013

Subject: The Accounts Commission's overview of local government in 2013: *Responding to challenges and change*

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 last year's report (reported to this Committee on 29 August 2012) and focuses on how Councils are responding to the pressures which were identified in the previous report.

2. Recommendations

- 2.1 It is recommended that Members consider the Accounts Commission report and the checklist at Appendix 1 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) the Chief Executive presents the report to the Council's Community Planning partners for a wider consideration of the challenges, in order to seek a partnership approach.

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 Last year the Accounts Commission provided an overview report which concentrated on the pressures that local government is facing and this year's report can be considered as a follow-up to that report and examines how councils are responding, and what more needs to be done.
- 3.3 These two reports have been done in the context of providing elected members with some information and linking the challenges identified to the role of the Councillor.

4. Main Issues

- 4.1 The report highlights a number of issues for Councils, summarised as follows:

4.1.1 Demand and Resource pressures

Demand for services continues to rise due to a range of factors including: the aging population; increasing benefits claimants; pressures on welfare benefits and advice services; demand on economic regeneration; implementing national and local priorities; maintaining roads and infrastructure; and weather-related demands. In contrast to this resources are being reduced through impact of austerity measures; employee cost pressures (pay inflation and pension commitments); borrowing pressures; impact of general economic pressures on income streams such as Council Tax, Non-domestic rates, and charges.

4.1.2 Public Service Reform

The Scottish Government's plans for reform are gathering pace focusing on: shifting from reactive to preventative spend; integration and partnerships; workforce development; and improving performance. Councils are reviewing how services work in order to meet these demands and to work with the increasing expectations around community planning. Upcoming changes include: ongoing welfare reform; integration of adult health and social care; community planning and effective community engagement.

The report highlights some ways in which Councils have reformed service delivery models through: sharing services, setting-up arms length external organisations (ALEO), contracting with external private or voluntary sector suppliers, etc.

4.1.3 Councillor Involvement

Clearly councillors will require to be involved in decisions being made around service levels, service delivery models, partnership approaches, etc. The report also focuses on how councillors are involved in performance management, performance improvement and governance. The Best Value audit approach is based around the principle of self-evaluation and performance management as a route to improvement. There is a key role for councillors in scrutinising the outcomes of such evaluations and performance information to ensure the improvement is being driven and implemented.

4.1.4 Performance Management in Partnerships

This is an area that is highlighted in the report, as often partnerships are created and don't have a joined-up approach to planning, expected partnership service outcomes, performance improvement and performance management. There is an expectation that this is an area for improvement for Community Planning Partnerships.

4.1.5 Using Cost Information

The recent Audit Scotland report on how councils use cost information found that there are a number of areas where such use of information through benchmarking activity can drive cost improvements and quality comparisons. The use of cost comparisons as well as performance indicators is seen as a crucial element of decision making for councillors.

4.1.6 Governance of Finances

The report highlights that, in the current financial climate, effective financial governance is more important than ever. The report highlights the importance of good-quality, timely information on variances; the need for appropriate controls over accounting systems and the appropriate resourcing of the internal audit function. The independent role and chairing of an Audit Committee is seen as being an important aspect of financial governance. The role of the Section 95 officer is also highlighted in relation to responsibility for proper financial governance, role in strategic management and being a member of the senior management team. Effective risk management is also identified as a key aspect of managing complex organisations such as councils and there is a need to ensure risk management is embedded through the council.

4.1.7 Leadership Change

The report recognises that there has been a significant change in the political make-up of councils in recent years and also there that after the 2012 elections 34% of councillors were new to local government. In addition there have been significant changes at senior officer level. This change is seen as both a possible challenge as people get used to new roles but also in terms of the new ideas that new people can bring.

4.1.8 Reducing Staff Numbers

Inevitably as resources are reduced then councils have been looking at different ways of providing services and often this includes reducing the number of employees. As a result of this and the expected ongoing reduction in funding the report identifies the benefit of having appropriate workforce plans in place. The report also highlights the need for good governance around voluntary early release of staff.

4.1.9 Workforce-related Financial Pressures

A number of such pressures are identified in the report, including: continuing pressures around equal pay; risks around pensions costs and contributions; pension reform; and absence management and the cost of absence.

4.1.10 Financial Positions and Asset Management

The report highlights a tendency recently to fund revenue expenditure from revenue reserves which due to the nature of reserves is not a sustainable solution. The report highlights the importance of effective procurement practices, noting improved PCA scores across the country.

Capital investment is seen increasing due to investment to improve service delivery or provide more efficient services. The maintenance of assets is seen as a key pressure and need as no-one would wish to see new assets not being appropriately maintained which could shorten anticipated life-spans. Linked to capital investment is indebtedness and evidence is that across Scotland this has increased significantly, though clearly councils are operating within the prudential code for capital finance.

The report highlights that in general reserves have increased, though it is recognised that much of the increase was earmarked for known commitments

such as equal pay claims. The importance of holding a “prudential” reserve is highlighted.

- 4.2 At Appendix 1 of the report there is a set of action points for councillors 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 points identified in Appendix 1 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.

Angela Wilson
Executive Director of Corporate Services
Date: xx/05/2013

Person to Contact: Stephen West, Head of Finance and Resources, Council Offices, Garshake Road, Dumbarton. Telephone 01389 737191, Email: stephen.west @west-dunbarton.gov.uk

- Appendix:** The Accounts Commission's overview of local government in 2013: *Responding to challenges and change*
- Background Papers:** Report to Audit and Performance Review Committee 29 August 2012: *An overview of local government in Scotland – Challenges and change in 2012*
- Wards Affected:** All wards affected.