

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE16 August 2018Report by ClerkNATIONAL EXTERNAL AUDIT REPORTLOCAL GOVERNMENT IN SCOTLAND - CHALLENGES AND PERFORMANCE 2018**PURPOSE OF REPORT**

1. To provide information on the Audit Scotland report *Local Government in Scotland - Challenges and Performance 2018*.

RECOMMENDATION

2. It is recommended that the Committee considers the report.

BACKGROUND

3. A copy of the Audit Scotland report *Local Government in Scotland - Challenges and Performance 2018*, published in April 2018, has already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Members leading the review of this particular report are Councillor Miller and Councillor Grant. The Head of Business Change & Revenue Services, Head of Accountancy and Head of HR, Customer and Communications have provided comments on the report and a copy of that feedback is attached (see Appendix A).

RECOMMENDATION

4. It is recommended that the Committee considers the report.

Local Government Access to Information Act 1985

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Background Papers:-

1. Audit Scotland report *Local Government in Scotland - Challenges and Performance 2018*.

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Accounts Commission Report
Local Government in Scotland – Challenges and Performance 2018
Comments for Audit and Scrutiny Committee on 16 August 2018
Prepared by Head of Business Change & Revenue Services, Head of Accountancy and
Head of HR, Customer and Communications
July 2018

INTRODUCTION

1. The Accounts Commission's Report *Local Government in Scotland – Challenges and Performance*, prepared by Audit Scotland, covers an extensive range of topics from a national perspective and provides some overarching key messages and recommendations for councils.
2. This is a particularly useful Accounts Commission report which gives a good overview of the performance issues and key challenges facing local government in Scotland. These are challenges that East Renfrewshire Council fully recognises and we are working to address. There has been good coverage across all these areas for councillors over the last year (e.g. through consideration at Cabinet and Committees and via Information and Consultation Sessions). The Audit and Scrutiny Committee itself has also considered many of these topics as part of its work programme over the last year (Appendix One).
3. This report assesses the performance of East Renfrewshire Council against the recommendations set out in the report and highlights work underway to further improve our performance.

REPORT

Looking to the future (local information; financial and scenario planning; technology)

4. The report states that councils should ensure they continue to develop their understanding on how the landscape within which their council operates may change. This means considering local demographics, the public spending environment and policy changes, and using this information to inform council priorities. The report also states that councils should be developing long-term financial and scenario planning that takes these local factors into account and considers the impact on all their services and their users. In terms of looking to the future, councils should be considering how to make the most of new technology, for example streamlining processes and communicating differently with service users.
5. Our integrated strategic planning framework is founded on strong local intelligence gathering, recognition of the challenges facing the public sector nationally and a robust performance management system highlighting key local priorities.
6. East Renfrewshire Council works to share data on local demographics and key metrics across the organisation. Our Planning for the Future of East Renfrewshire document is in its fifth year and was updated in June 2018 – it is the key source of demographic information for use across the Council and HSCP when planning services. A copy can be found at <http://www.eastrenfrewshire.gov.uk/planningforthefuture>. This is supported by the Data and Information Group (DIG) which facilitates the exchange of data, information and expertise on issues of mutual interest across council departments. Our Information as an Asset (IAAA) Strategy sets out our objectives for evidence-led planning and information led transformational change. Under the IAAA strategy we are putting in place fit for purpose

information management systems with better informed decision making at all levels of the organisation. A Data and Information Manager has recently been appointed to drive this agenda forward.

7. The new East Renfrewshire Community Plan (and Fairer East Ren, our Local Outcome Improvement Plan) sets the five strategic outcomes for all the Community Planning Partners and the council: Early Years and Vulnerable Young People; Learning, Life and Work; Economy and Environment; Safe, Supportive Communities; and Older People and People with Long Term Conditions. This is the start of the 'golden thread' that consistently links our outcomes and objectives at each level within our strategic planning framework.

8. Our Community Plan reflects the most important priorities of our residents. It is the core strategic document for the East Renfrewshire Community Planning Partnership (CPP) and is a key demonstration of our commitment to the people of East Renfrewshire and the outcomes we plan to achieve.

9. The Community Plan incorporates Fairer East Ren. This part of the plan has a clear focus on tackling inequalities across East Renfrewshire. Working with our communities we have identified clear priorities for making East Renfrewshire a fairer place. In addition, Locality Plans have been developed in partnership with local communities to agree local priorities and to work together to find solutions. Our conversations with communities will continue as we develop and deliver our plans.

10. Our *Vision for the Future* strategy drives everything that we do as a council and sets out our five headline strategic outcomes (from the Community Plan), the five organisational capabilities that help us carry out our work, and the five core values that are shared across the organisation and support us to realise our ambition.

11. We have always taken a long term approach to financial planning with the annual budget meeting considering **long term financial strategy** as part of annual budget reports and presentation. This approach has been further strengthened in recent years with the approval of our **Financial Planning 2018-2024** (long term financial strategy) document in March 2018, available [here](#). Budgets are revised to reflect true spending levels and patterns, based on sound financial management and monitoring.

12. The preparation of the Financial Plan involved assessing the future financial outlook and identifying any major issues to be taken into account in addition to known long term commitments. This included demographic, economic, workforce and asset factors. These were then factored into future consideration of revenue, capital and treasury management resource requirements.

13. **Medium term financial planning** is carried out on a three-year cycle for revenue budgets. Financial planning is undertaken within the context of the *Vision for the Future* strategy and in particular the five outcomes. The introduction of three-year cycles many years ago has helped plan resources and public engagement. The three-year cycle leads to an extremely intense period of work for Directors and the Budget Strategy Group but gives the benefit of relative financial stability for the council for a three-year period. Savings are identified at service level and have been consulted on widely.

14. The three-year cycle for revenue budgets also aligns with the three-year workforce planning cycle which ensures that appropriate steps are taken to lead into savings and ensure staff with the correct skills are in place to deliver the council's outcomes.

15. This multi-year budgeting approach has assisted the council over the last 5 years in identifying savings requirements well in advance and we have taken early action to implement difficult decisions sensitively so that long lead-in times required for the successful implementation of some savings can be allowed.

16. We are presently in the first year of the current phase of medium term planning (2018/19-2020/21). These revenue plans (with indicative revenue budget levels proposed for each department), have been arrived at after consideration of the information contained in the long term financial plan (i.e. anticipated future Council Tax income, grant levels, debt repayment liabilities, service demands, legislative requirements (such as the apprenticeship levy), demographic changes, other spending pressures (e.g. pension changes) and the priorities contained in Vision for the Future. Savings proposals were submitted for public consultation in autumn 2017 before approval at the March 2018 Council meeting.

17. The **short term budget process** for revenue spend plans for the forthcoming year in detail, building on the medium term plan and updating the estimates for the forthcoming year. The so called "Rainbow book" details all service budgets and workforce numbers. It also provides an estimate at departmental level of budgets for the remainder of the medium term financial plan.

18. The council's annual Charging for Services exercise also contributes to short term financial planning in setting out the policy for income recoveries over the next 1-2 years. The financial plans include an element of contingency for potential unforeseen pressures (e.g. welfare reform etc.) and identify any spending plans which are for one-off purposes rather than ongoing provision. These plans are supported by ongoing treasury management arrangements, reviewed daily, to ensure that the council always has access to the required cash resources.

19. Our **Outcome Delivery Plan (ODP)** is the council's **Overall Business Plan**. It is the council's (and HSCP's) medium term plan to achieve our Vision for the Future and the council's contribution to the Community Plan/Fairer East Ren. It is a rolling 3 year plan with an emphasis on the first year. The ODP summarises the contribution the council will make to the delivery of the five outcomes, what will be achieved and what the critical activities will be. The ODP takes a 'balanced scorecard' approach meaning that, as well as identifying direct contributions to outcomes, it identifies what will be achieved from a customer, efficiency and people (staffing) perspective. It also includes a summary of the council's three-year financial plan (broken down by Department and including both revenue and capital sums). The ODP brings together the council's strategic outcomes, support strategies, financial planning and change planning into one operational document – and it is the principal way for the council to hold the Corporate Management Team to account for performance on the delivery of the overall strategy.

20. The council is also working to improve planning at the service level. We are transitioning to a new more business focussed model for service planning with a small number of pilots in 2018/19 and full implementation in 2020/21. The new approach will involve service business plans covering all aspects of services' operations such as workforce planning, asset management, risk management etc. bringing this information together in a single plan for each service.

21. The council and HSCP are committed to making the most of technology to modernise and improve our practices and enhance service provision for residents. The council's ambitious **digital strategy**, approved at Cabinet and Council in June 2018, sets out the following key outcomes:

- All services are digital by design and use data analytics;
- We have a digitally capable workforce with a modern working environment;
- Communities engage digitally with the Council.

The strategy and covering report, which gives many examples of digital progress, can be found [here](#). A Digital Board is now being established to oversee delivery and Convenor remits have been widened to include responsibility for digital, to widen engagement of elected members in this important agenda.

22. The HSCP has its own digital strategy in place and was the first HSCP in Scotland to engage with the national Digital Health Institute.

23. We are using digital technology in a range of innovative ways. For example, our Education Department recently invested in Class VR headsets to ensure virtual reality and 3D learning becomes an embedded part of teaching for all pupils at the council's 30 primary and secondary schools.

Working with communities and delivering priority outcomes

24. The report states that councils should ensure continuous improvement by working closely with communities. This means ensuring that communities are actively involved in decision-making, know the effect decisions are expected to have on services and can see the impact of community empowerment.

25. The report also states that councils should focus on the delivery of priority outcomes through: close working with communities to establish a clear understanding of their needs; establishing effective cross-party relationships for joint working and decision-making to achieve the council's shared priorities; and clear linking of budgets to established plans and outcomes.

26. There is a strong commitment in East Renfrewshire to ensure the views of service users are heard, and influence the planning and delivery of services. The council and CPP have a Community Engagement Framework in place, supported by training for staff in meaningful engagement. The Community Planning team also work closely with local community groups to help them represent their community and make a positive contribution to engagement.

27. We have developed an online consultation space (Citizens' Space - getinvolved.eastrenfrewshire.gov.uk/) to make it easier for local people to have their say on the decisions that affect them. This dedicated site is an opportunity for members of the community to have their say on issues affecting their local area and how service delivery can be improved. Since 2012, East Renfrewshire Council has used Citizens' Space to undertake online consultations. Currently there are 279 users spread across the council and there have been 22,688 responses to 297 online public consultations. Examples of major consultative exercises this year include the council's budget consultation, *East Ren Decides* and more recently the consultation on the future provision of leisure services in Eastwood.

28. Established programmes delivered through our Early Years Collaborative and the Integrated Care Fund have been particularly successful in linking customer and community input to service improvement. Our approach to Self-directed Support (SDS) has been one of co-production based on meaningful conversations, between workers and people requesting support focusing on personal outcomes (what matters to people). In developing the East Renfrewshire approach we have established a partnership with SDS Forum ER who have

attracted additional external funding for public information, community led approaches, and shared learning and development.

29. In the past year we have also established new arrangements to meet the legislative requirements of the Community Empowerment (Scotland) Act 2015. The legislation supports a range of mechanisms which will allow community members greater access to decision making on service delivery and design. We developed our Local Outcome Improvement Plan (LOIP) – *Fairer East Ren* – in full consultation with local residents and there has been intensive community engagement in support of Locality Plans for Auchenback, and Arthurlie, Dunterlie and Dovecothall. The Locality Plans are overseen by Leadership Groups made up of local residents alongside Community Planning Partners.

30. The Community Empowerment Act also allows community bodies to make 'participation requests' to hold discussions about the design and delivery of council services. East Renfrewshire Council's *Framework for Participation Requests*, approved by Cabinet in April 2017, sets out the process for community groups to enter into discussions with ERC about how services are designed and delivered.

31. The Act aims to promote public participation in local decision-making using a variety of methods and tools. In response to this national agenda, East Renfrewshire Council has delivered two participatory budgeting projects giving communities a voice in the allocation of funding. Our participatory budgeting exercise for roads and footpath repairs involved more than 1,200 residents taking part in a digital voting exercise to apportion £600k of the roads revenue budget (our approach is highlighted by Audit Scotland in the Challenges and Performance Report). To support local community-led organisations a £100k participatory budgeting scheme took place over 2017/18 in Barrhead culminating in over 100 local people allocating money to over 30 local groups in March 2018. A video relating to the project 'Better Barrhead – You Decide' is available to view [here](#).

32. The council supports cross-party working wherever possible to focus on common issues and shared priorities. One example is the CPP's Information and Consultation Sessions which engage elected members from all parties in information sharing and wider discussion around key issues. Recent events have focused on Community Empowerment, Participatory Budgeting and the City Deal.

Establishing robust change strategies / planning transformation of services and ensuring support for change

33. The report calls for more robust planning and support for change and transformation. Councils should ensure that they put in place robust change strategies and develop realistic plans for transforming services. This approach should incorporate: effective leadership and good governance arrangements; robust options appraisal; strong financial management; properly scoped and resourced plans.

34. The report also recommends that change strategies are supported with:
- realistic savings plans with long-term implications and mitigation against unintended impact on other services and communities;
 - effective workforce planning to retain and recruit people with the right skills to deliver sustainable future services;
 - income generation plans;
 - workforce and member support, training and development.

35. Our *Vision for the Future* document is based on the 5 capabilities (Prevention, Community Engagement, Digital, Modernisation and Data) that the council must utilise to change and improve. Every service design must look at the opportunities that the 5 capabilities provide to both improve services and lower costs.

36. Modern Ambitious Programme (MAP) is the council's blueprint for transforming services and is making significant and rapid progress in driving forward new ways of working, ensuring service improvement and generating efficiencies. Much of MAP is about redesigning services end to end from a customer perspective by putting in place technologies to make those journeys more streamlined and efficient; and ensuring that employees and customers have the skills, motivation and trust required to use them.

37. MAP is predominantly focused on 3 of the 5 capabilities, specifically Digital, Modernising and Data:

- Digital – MAP is placing greater emphasis on digital services, digital workforce and digital communities and introducing an 'end to end' approach for services with customer needs at the heart of the process utilising new and existing technologies.
- Modernisation – We aim to modernise the way we work by streamlining and improving our business practices. This means, for example, more flexible workspaces (and agile working) encouraging collaboration between staff, modernised management practices, and stronger collaboration with partner organisations.
- Data – We are working to ensure that data collection is effective and the information systems we use are efficient and fully meet the needs of services.

38. In June 2018 Cabinet considered an update on our Modern, Ambitious Programme (MAP) and our Digital Strategy. It was noted that our programme of change had been reviewed and structured into a portfolio of 6 major programmes of change, with each consisting of a large number of projects:

- Core Systems
- Digital enablers
- 4 programmes associated with service departments

39. The main focus of work over the last year has been the Core Systems and digital programmes, which will be a key enabler to the departmental programmes of change. Further enabling programmes on information management and property management are also under development.

40. Work is underway to improve the format of reporting both to the Corporate Management Team and elected members on progress with our key programmes of work.

41. Where additional resources are needed to enable change, departments can access the council's Modernisation Fund, a reserve set up specifically for this purpose or our "Spend to Save" fund. We have also piloted, in partnership with the Scottish Futures Trust, an energy efficiency project in which investment in council buildings will be made which will achieve guaranteed energy savings.

42. The HSCP's 'change programme Fit for the Future' is also working to deliver financial savings while ensuring good co-ordination, strategic fit and strong governance. The programme has involved a suite of end to end operational service reviews in conjunction with a wider review of the HSCP structure. The Fit for the Future redesign work has been informed by the Community Led Support programme which is intended to reduce demand on statutory services and enable a more person centred approach with reduced bureaucracy.

43. The council has made a firm commitment to option appraisal, based on an understanding of the Audit Scotland guidance *Option Appraisal – Are You Getting it Right?* There is internal guidance on option appraisal which ensures that risks and benefits of proposed changes are considered and we also provide training on this to develop skills and knowledge in the area.

44. All significant projects reported to elected members should include an option appraisal section and this should be proportionate to the value and risk of the project/service redesign. Option appraisal is also required as part of Capital bids, Modernisation Fund bids and savings proposals where relevant to the budget process. Key examples of Option Appraisal in 2017/18 include the Eastwood Park Leisure options and public consultation; Core Systems options; and options for future primary education provision in Neilston.

45. We ensure that there are robust appraisals of new investments – Capital Project Appraisal (CPA) templates require an option appraisal and links to corporate objectives. The Corporate Asset Management Group role has been revised to increase monitoring and scrutiny of capital projects.

46. East Renfrewshire Council's workforce planning approach has been established since April 2012. In April 2015 the council's **Workforce Plan** (2015 to 2018) transitioned towards a longer term approach based on the same format as the NHS. In April 2018 further planning was introduced to align the workforce plan with the medium term financial plan which was approved by Council in March 2018.

47. The priorities of the plan are reflected in the People section of our Outcome Delivery Plan 2018-2021. Our key outcome that we are working towards is - '*We have engaged employees who are motivated to deliver our outcomes*'. To achieve this outcome we need empowered and engaged employees at all levels of the organisation and a skilled flexible workforce.

48. The Workforce plan includes an action plan with a set key activities to enable to us have in place -

- An established workforce with employees with the right skills, tools, environment and knowledge to meet current and future needs
- A workforce that has a digital approach and supports business transformation.

49. The plan continues to be developed and updated with the support of the Workforce Planning Group, a group of senior managers who lead on workforce planning matters. Of particular importance will be ensuring that we have robust data on the workforce implications over the next three years of implementing our strategy Vision for the Future, and legislative requirements regarding early years and the achievement of savings.

50. It is recognised that the approach to strategic workforce planning needs to be continually developed to encourage further joined-up planning across service areas and departments and deliver longer term workforce planning.

Evaluating and reporting

51. The report states that councils should ensure continuous improvement through ongoing evaluation and reporting. Councils should be evaluating the impact that significant budget reductions, savings, workforce changes and service redesign are expected to have and have had on service delivery and quality. Councils should also ensure that they are

using the data they collect and monitor to report publicly on the quality of services, as well as user satisfaction with those services.

52. We have a well-established performance management framework in place. Our framework is based on 6 monthly reporting to Council on council-wide performance against the key strategic priorities set out in the Community Plan/LOIP and our Outcome Delivery Plan. We provide a range of interim reports on service specific information and financial information to Councillors and the public (e.g. Annual Report and Accounts).

53. We recognise that the detailed reports that councillors require for scrutiny of the performance of the council may not be the best format for public reporting. Therefore we report regularly to the public and in many ways, with varied levels of detail for different audiences, such as our annual public performance report and performance data on our website eastrenfrewshire.gov.uk/performance. This information ranges from detailed data reports to high level information where performance can be understood at a glance.

54. Audit Scotland previously identified that East Renfrewshire Council was demonstrating best practice in public reporting. Significant work has been undertaken to review the presentation and content of performance information on our website in line with Improvement Service guidance, which includes the promotion of benchmarking information. As in previous years, our public performance reporting for 2017/18 will involve a media campaign using engaging performance infographics, posters, web content and an annual report, promoted through social media channels.

55. One of our five capabilities is 'Data, Evidence and Benchmarking'. We report on our comparative performance through our strategic performance reports and our annual Local Government Benchmarking Framework (LGBF) report. The most recent was considered by Cabinet in March 2018.

56. Our analysis of the Council's performance using the LGBF is extremely thorough. We firstly identify where strategically we would want to be positioned and then measure our performance against this position. We are also taking part in 'Family Group' work where similar councils get together to compare performance and share best practice.

57. In a similar way, our Environment Department uses APSE benchmarking data to compare local performance with performance at other councils and against the national average. Staff attend benchmarking events and can learn from practice elsewhere through the national APSE network.

CONCLUSION

58. We have provided a summary on how we are placed against the national picture as presented in the *Local Government in Scotland – Challenges and Performance 2018* and against Audit Scotland's key recommendations. East Renfrewshire Council fully recognises the challenges outlined in the report. We are not complacent and are working to address these pertinent issues through the approaches and activities highlighted in this report. We believe that the above provides strong evidence and gives assurance that East Renfrewshire Council is well positioned across the wide range of issues highlighted.

Appendix One - Examples of Relevant Thematic Reports to Audit and Scrutiny Committee in 2017/18 (committee date in brackets)

- Funding for Community and Voluntary Groups, 6 April 2017
- National External Audit Report – Housing Benefit Fraud Investigation Liaison Arrangements in Scotland, 6 April 2017
- Code of Corporate Governance, 17 August 2017
- National External Audit Report - Local Government in Scotland, Performance and Challenges 2017, 17 August 2017
- Revised Risk Management Strategy, 17 August 2017
- Managing Absence, 28 September 2017
- Review of Strategic Risk Register and Risk Management Progress, 28 September 2017 & 8 March 2018
- National Fraud Initiative, 9 November 2017
- National External Audit Report – Housing Benefit Performance Audit Annual Update 2016/7, 9 November 2017
- National External Audit Report – Equal Pay in Scottish Schools, 9 November 2017
- National External Audit Report – Self Directed Support Progress Report 2017, 25 January 2018
- National External Audit Report - Local Government in Scotland – Financial Overview 2016/17, 8 March 2018

Relevant events / information sessions in 2017/18

- Modern Ambitious Programme/Vision for the Future Update, Information Session, September 2017
- East Renfrewshire Culture and Leisure Trust (ERCLT) Business Plan, Information and Consultation Session, December 2017
- Progress in implementing the Community Empowerment (Scotland) Act 2015, Information and Consultation Session, March 2018
- Progress on City Deal, Information and Consultation Session, June 2018

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