

EAST RENFREWSHIRE COUNCILAUDIT AND SCRUTINY COMMITTEE2 June 2016Report by ClerkNATIONAL EXTERNAL AUDIT REPORTOVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2016**PURPOSE OF REPORT**

1. To provide information on the Accounts Commission report *An Overveiw of Local Government in Scotland 2016*.

RECOMMENDATION

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

BACKGROUND

3. Copies of the Accounts Commission report *An Overveiw of Local Government in Scotland 2016*, published in March 2016, have already been circulated to all Audit and Scrutiny Committee Members. Under the Committee's specialisation arrangements, the Members who are leading the review of this particular report are Councillor Wallace and Councillor Grant. In accordance with arrangements established by the Committee for dealing with such reports, the Head of Business Change and Revenues has provided comments on it. A copy of the feedback is attached (see Appendix 1).

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 *An Overveiw of Local Government in Scotland 2016*

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Accounts Commission Report
An Overview of Local Government in Scotland 2016
Comments for Audit and Scrutiny Committee on 2 June 2016
May 2016

INTRODUCTION

1. The Accounts Commission's Report *An Overview of Local Government in Scotland 2016* covers an extensive range of topics from a national perspective and provides some overarching key messages and recommendations for councils. Issues covered include: resourcing and service pressures; performance management; financial planning and budgeting; effective decision making, changes to service delivery and dealing with reduced staff numbers; Community Planning Partnership and arms length organisations; Health and Social Care Partnerships; consulting with service users and getting communities involved; governance arrangements; and councillor training. There has already been good coverage across all these areas to 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 (Annex 1). Therefore, the comments below are focussed on the key recommendations of the Overview report.¹

COMMENTS

Short, medium and longer-term financial planning

2. The report states that councils should have in place a longer-term financial strategy (five or more years) supported by an effective medium-term financial plan (three to five years). These should show how the council will prioritise spending to achieve its objectives, make any necessary savings and remain financially sustainable.

3. Short term revenue and capital plans cover the current or forthcoming year and detail all approved service provision and new developments/projects. 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 plans include an element of contingency for potential unforeseen pressures (e.g. equal pay claims, 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.

4. Although the Scottish Government provided only a one year settlement for 2016/17, the Council has medium term plans in place with an indicative revenue budget prepared for 2017/18 and the Corporate Management Team are currently considering the forecast position for 2018/19. These revenue plans have been arrived at in light of consideration of 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), workforce planning issues and Single Outcome Agreement objectives, with savings proposals submitted for public consultation prior to final agreement where appropriate. 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.

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5. Medium/long term capital plans are also in place for the next 8 years (General Fund) and the next 5 years (Housing). Capital proposals are scrutinised by the Corporate Asset Management Group of senior officers to ensure alignment with corporate objectives prior to development of business cases. The remit, role and membership of this group has been refreshed in 2015/16. Both revenue and capital plans are reviewed during the year by the Budget Strategy Group and financial planning is further supported by regular economic outlook updates. The Council also uses specific reserves such as the capital reserve and the Modernisation (Spend to Save and Transformation) Fund to support medium/long term revenue and capital plans.

6. Longer term plans involve assessing the future financial outlook and identifying any major issues to be taken into account in addition to known long term commitments such as debt repayments (including City Deal) and PFI/PPP/hub contract repayments. These are then factored into future consideration of revenue, capital and treasury management resource requirements. It should be noted that the Council continues to have a low level of outstanding debt in comparison to other councils. Other long term planning relates to the Council's reserves. The Council's policy is to hold an unallocated reserve of 4% of net revenue spend. Reserves to address Repairs and Maintenance, Insurance claims, equalisation of future PFI/PPP costs, Spend to Save and Transformation initiatives are also held, together with the Council's capital reserve which was built up over a number of years to permit capital investment to continue during the recent economic downturn. Long term planning is also strengthened by good practice in the Accountancy team structure combining the capital and treasury management functions within one team.

Service Delivery Options

7. The report recommends that councils consider all practical options for delivering services within the resources available. This includes looking at opportunities to work with and empower communities to deliver services in different ways, learning lessons from others and from wider public service reform.

8. The Council is being increasingly challenged to do more with less at a time when demand on services is increasing. To do this we have to think of innovative, effective ways to improve service delivery and save where we can.

9. We already have a strong track record of delivering efficiency savings through service redesign. The Council's Public Service Excellence (PSE) programme ran from 2009 to 2015 resulting in 158 change projects. PSE delivered nearly £5 million in cumulative recurring efficiency savings, with levels of service satisfaction generally maintained, despite significant reductions in real terms budgets and FTE. PSE modernised our approach, with many services redesigned and contact channelled through Customer First. Under PSE we also launched a new website and encouraged customers to use it for payments, online bookings and applications.

10. The PSE programme was closed formally in 2015 and a new programme launched to better fit with the future aims and ambition of the Council. This new programme is MAP - Modern Ambitious Programme – and is fully aligned to the Council vision (*A Modern, Ambitious Council, Creating a Fairer Future With All*) and the 5 key capabilities. These are the 5 areas identified as priorities to support organisational development, the Single Outcome Agreement, the Council's Outcome Delivery Plan and prepare for imminent financial challenges. The 5 capabilities are: Prevention; Digital; Community Engagement; Data; and Modernisation.

11. The Modern Ambitious Programme is working across the Council and Health and Social Care Partnership (HSCP) and delivering change on a scale not previously seen. MAP is now embedded throughout the organisation and there is ownership at senior management levels. This revitalised approach to change sees departments now having their own change programmes, identifying their aspirations for areas of service redesign and modernisation. There is also a range of enabling projects (primarily related to ICT) which bring benefits across the Council, such as free Wi-Fi in our public buildings and schools.

12. 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 the customer needs at the heart of the process utilising new and existing technologies.
- Modernisation – We are streamlining and improving our business practices removing duplication and restrictive bureaucratic practices as well as rationalising our office estate and introducing flexibility for teams.
- 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.

13. Risk management is a core element of our change programme and operational projects evaluate this on a monthly basis. This also ensures that where risks are known/have been taken the impact of these is monitored. Risk management is built into our SQA accredited course on project management. The Council also has recently updated new guidance on option appraisal which ensures that risks and benefits of changes proposed are considered and we also provide training on this to develop skills and knowledge in the area, including a course particularly targeted at senior managers. As part of routine business departments also have in place operational risk registers which they review throughout the year.

14. The Council has a strong track record of undertaking detailed options appraisals resulting in successful decisions on service design and delivery. Recent examples include options appraisals for the delivery of culture and leisure services, and the HSCP’s reablement programme.

15. In 2013 the Council considered whether it would be beneficial to develop a new approach to the delivery of culture and leisure services (potentially through an arms-length non-profit distributing Trust model). We undertook a feasibility/options study which considered: the range of services that might be transferred; potential financial savings from different options; one-off and ongoing costs; capital investment issues; and options for governance arrangements. Following a business planning process in 2014 (involving full consultation and engagement) the East Renfrewshire Culture and Leisure Trust was established in summer 2015.

16. As part of the extensive Care@Home Programme, an options appraisal was undertaken to define the proposed ‘reablement journey’ for people receiving social care services. An extensive cost, benefit and risk analysis was undertaken considering external economic factors such as demographic pressures, impact of the living wage, and current market conditions (e.g. employability) to ensure best value for service users whilst maximising service delivery.

17. Our performance management framework allows us to routinely monitor the impacts of options chosen. This includes evaluating our performance and identifying ways to improve. Our self-assessment model How Good is Our Service (HGIOS) is used and

ensures self-evaluation is undertaken as part of service planning for the future and a culture of continuous improvement and Best Value is embedded.

18. MAP is continuing to modernise the way we work and we are developing projects to help us make processes simpler for employees and our communities. The Council has realised many benefits through the changes delivered under PSE and these are continuing under MAP. In addition to financial savings and redesigned processes with less paper, we are working to improve outcomes for customers and better job satisfaction for employees.

19. Departments are better supported with the introduction of business support teams and business partner models now in ICT, finance and HR. An innovative programme of training and development supports change and develop project management skills. New ways of working have been introduced and more than 460 employees are now agile workers with laptops and smartphones. With the opening of Eastwood Health and Care Centre, this will allow the HSCP to decrease the number of buildings it uses from 18 to four, while reducing mileage costs and increasing the number of clients employees see.

20. An important project that has helped us to improve the service we provide while making savings is Care at Home. It has helped hundreds of residents regain their independence after being discharged from hospital, allowing them to recover in familiar surroundings and freeing up our residential and NHS partner services. Phase one of this programme has already resulted in savings of £350,000 and there are some ambitious phases ahead including delivery of the next tranche of savings and launch of an innovative care at home portal that will allow clients and family members to track care visits online giving them peace of mind and greater insight.

21. There are a wide range of examples of innovative change taking place across Council departments. These are modernising and streamlining our work processes, reducing our reliance (and spending) on paper, producing financial savings to protect frontline services, improving customer outcomes and bringing about an improved focus on early intervention and prevention (particularly within the HSCP). Further detail on these programmes was given to members at a MAP session in April and there will be forthcoming Cabinet reports in June and August.

Community Engagement and Empowerment

22. 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 robust 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.

23. The Council has also developed an online consultation space (Citizens' Space - <https://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. In 2015, Citizens' Space hosted 131 consultation surveys attracting 13,464 responses from local residents.

24. At the HSCP, established programmes around Early Years and Reshaping Care for Older People have been particularly successful in linking customer and community input to service improvement. Our approach to Self-directed Support (SDS) has been one of

coproduction based on a meaningful conversation, between workers and people requesting support focusing on personal outcomes (what matters to people). In developing the East Renfrewshire approach we have developed a partnership with SDS Forum ER who have attracted additional external funding for public information, community led approaches, and shared learning and development.

25. As with other councils across Scotland, East Renfrewshire is assessing the impact of the Community Empowerment (Scotland) Act 2015 and planning how we will deliver the new legislative requirements of the Act. While the Act raises a number of key challenges for the CPP, we recognise that this is an opportunity to strengthen community planning and give local communities a stronger role in planning, service delivery and improving outcomes. In the months ahead we will ensure we have the appropriate processes in place to support the duties in the Act, in line with the final statutory guidance when it is available. We have been actively participating in the consultation process for the development of this guidance.

Workforce strategy and planning

26. The report also emphasised that councils must continue to develop workforce strategies and plans that clarify the numbers and skills of staff needed in future. Councils should consider whether they have people with the knowledge, skills and time to support them effectively in making the challenging decisions that lie ahead, and to design and implement new ways of delivering services.

27. The council is currently updating its Workforce Planning strategy for 2016. The workforce planning outcomes for the management of the council over the next 3 years will be:

- Establishing a sustainable workforce by changing the council workforce to match new ways of delivering services and new ways of working; ensuring that people with the right skills, in the right numbers, are in the right jobs; promoting the health and well-being of the existing workforce and preparing them to meet future service needs.
- Maintaining a capable workforce by ensuring that all employees are appropriately trained and have access to learning and development to support the council's vision and development of the five capabilities.
- Effective leadership and management ensuring that managers and leaders are valued, supported and developed. Managers and leaders will continue to have a key role to play in driving service and culture change.

28. Each department is developing a vision of what their services should look like in the future. Workforce statements are issued to departments on a 6 monthly basis which provide a full overview of all employees and job types. Departments use this information when considering the numbers and skills of employees they need in the future and also consider this information as part of any organisational change. The development of leaders with the appropriate competencies, developing digital skills and the age profile of the council are areas of focus. A leadership development programme is being rolled out across the Council to promote the correct skillset for managers and digital champions are sharing skills across the organisation. For planning purposes, succession planning discussions take place within departments to tackle areas where employees have unique skills and areas where it is difficult to recruit.

Decision-making and scrutiny

29. The report states that councils should ensure that decision-making processes and scrutiny arrangements remain appropriate for different ways of delivering services. This includes:

- having clearly written and manageable information to help councillors make decisions and scrutinise performance;
- carrying out business openly and improving public reporting.

30. In East Renfrewshire, decision-making and elected member scrutiny takes place within a strong performance management culture. The Council operates a Cabinet system; Cabinet is the key decision-making body and scrutinises the wider work of the Council. The Council's Audit and Scrutiny Committee is also responsible for reviewing the performance of the Council in terms of service delivery and policy decisions. The Council has a well established performance management framework in place. The Council's framework is based on 6 monthly reporting to Cabinet on council wide performance against our Single Outcome Agreement and our Outcome Delivery Plan. We report a range of interim reports on service specific information and financial information to Councillors and the public (e.g. Annual Report and Accounts).

31. We also 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. This information ranges from detailed data reports to high level information where performance can be understood at a glance (see <http://www.eastrenfrewshire.gov.uk/performance>). Significant work has been undertaken to develop the presentation and content of performance information on our website in line with most recent Improvement Service guidance (including the promotion of benchmarking information).

Skills and Expertise

32. The report also states that councillors should regularly review their personal training and development needs. They should work with council staff and others to create opportunities to update their knowledge and skills in increasingly important areas, such as financial planning and management, options appraisal, commissioning services, partnership working and scrutiny. These opportunities should also be available to any new members after the local elections in 2017.

33. Elected members are given the opportunity to review and establish a personal training and development plan on an annual basis, supported by Human Resources. There is also the opportunity for one to one coaching, if required.

34. Elected members have the opportunity to develop skills and knowledge through: an established internal programme of learning events; ad hoc events throughout the year; the council's corporate training programme; and external training events (e.g. those facilitated by the Improvement Service).

35. Following every local election a comprehensive induction programme is put in place for councillors. This includes 4 mandatory workshops which take place within the first few months:

1. Leadership and Decision Making
2. Standards in Public Life and the Councillors Role
3. Budgets, Finance and Funding

4. External Contact and How the Council Relates To It (which includes Scrutiny/Audit)

36. In addition to the above workshops, a programme of learning events is scheduled which includes: Licensing; Local Review Boards and Planning Applications; Media; Risk Management; Civil Contingencies; Data Protection; Freedom of Information; Effectively Chairing Meetings; Health and Safety; Handling Difficult Situations; Presentation Skills; and Speed Reading. These events are typically scheduled over a period of 1-2 years with training focused on the first years of each council term. Members Services also actively promote attendance at learning events organised by the Improvement Service.

37. Elected members are also encouraged to attend courses on the Council's annual Corporate Training Calendar (for example, councillors attended Options Appraisal training in 2015/16) and have access to an extensive range of topic-based courses on the Council's E-Learning System.

38. Members Services collate information from departments on all training and development activity that has been undertaken by elected members. This process helps the Council identify key areas of interest and ongoing training needs for elected members. Monitoring data for 2015/16 shows that there has been a positive level of attendance at development activities from a variety of sources.

39. Accountancy Services also issue an annual survey to all councillors, to assess the suitability of existing financial reports and seek any suggested changes. The survey also asks whether councillors would like any further financial training. In a survey of elected members in April 2016 all respondents felt that they received the right amount of financial information to allow them to perform their duties and there was no dissatisfaction with any of the financial reports. In addition to this, periodic refresher training is offered to all councillors on capital and treasury management to ensure they can perform their scrutiny role effectively. An update on financial planning and treasury management for elected members is being considered for later in 2016.

40. Developing elected members' skills and expertise and ensuring effective scrutiny are areas that we seek to continuously improve in. East Renfrewshire Council is committed to building on our existing training and guidance for elected members, and developing increasingly effective models for consultation and cross-party engagement.

CONCLUSION

41. The comments provide a summary on how the Council is placed against the national picture as presented in the *An Overview of Local Government in Scotland Report 2016* and against the key recommendations. We believe that the above evidence gives assurance that East Renfrewshire Council is well positioned across the wide range of issues highlighted.

Examples of Relevant Thematic Reports to ASC in 2015/16

- 2014/15 Review of Adequacy of Internal Audit, Audit and Scrutiny Committee, 23 April 2015
- Housing Benefit Performance Audit and Review of Housing Benefit Claims, Audit and Scrutiny Committee, 23 April 2015
- Self-directed Support, Audit and Scrutiny Committee, 23 April 2015
- Code of Corporate Governance, Audit and Scrutiny Committee, 4 June 2015
- Overview of Local Government in Scotland in 2015, Audit and Scrutiny Committee, 4 June 2015
- Borrowing and Treasury Management in Councils, Audit and Scrutiny Committee, 4 June 2015
- Superfast Broadband for Scotland – A Progress Report, Audit and Scrutiny Committee, 4 June 2015
- Commonwealth Games 2014 – Legacy Issues, Audit and Scrutiny Committee, 4 June 2015
- Key Controls Report 2014/15, Audit and Scrutiny Committee, 20 August 2015
- Statutory Performance Information 2013/14 – An Evaluation of Councils' Responses to the 2012 Direction, Audit and Scrutiny Committee, 24 September 2015
- Workforce Planning, Audit and Scrutiny Committee, 12 November 2015
- Payment to Care Providers, Audit and Scrutiny Committee, 21 January 2015
- Funding for Community and Voluntary Groups, Audit and Scrutiny Committee, 21 January 2015
- Risk Management Progress and Review of Strategic Risk Register, Audit and Scrutiny Committee, 3 March 2016
- Benefits Performance Audit Annual Update 2014/15, Audit and Scrutiny Committee, 3 March 2016
- Review of Activity to Reduce Fraud and Error in Housing Benefit, Audit and Scrutiny Committee, 3 March 2016
- Review of Housing Benefit Subsidy Certification Issues 2014/15, Audit and Scrutiny Committee, 3 March 2016

Relevant events / information sessions in 2015/16

- Local Development Plan and City Deal, Information and Consultation Session, 24 June 2015
- Community Empowerment, Information and Consultation Session, 28 October 2015
- Welfare Reform, Information and Consultation Session, 23 March 2016
- MAP Elected Members Seminar, April 2016