

EAST RENFREWSHIRE COUNCIL

AUDIT AND SCRUTINY COMMITTEE

12 June 2014

Report by Clerk

NATIONAL EXTERNAL AUDIT REPORT

OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2014

**PURPOSE OF REPORT**

1. To provide information on the Accounts Commission report on the *Overview of Local Government in Scotland in 2014*.

**RECOMMENDATION**

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

**OVERVIEW OF LOCAL GOVERNMENT IN SCOTLAND 2014**

3. A copy of the Accounts Commission report on the *Overview of Local Government in Scotland in 2014* has already been circulated to all Audit and Scrutiny Committee Members. The Members who are leading on 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 Customer & Business Change Services and Head of Accountancy have provided comments on it. A copy of the feedback is attached to this report (see Appendix).

**RECOMMENDATION**

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

Local Government Access to Information Act 1985

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Background Papers Accounts Commission report on the *Overview of Local Government in Scotland in 2014*

Accounts Commission Report – An Overview of Local Government in Scotland 2014

Comments for Audit & Scrutiny Committee on 12 June 2014

Prepared by Head of Customer & Business Change Services & Head of Accountancy

May 2014

## **INTRODUCTION**

1. The Accounts Commission's Overview of Local Government report covers a wide range of topics from a national perspective. These include resourcing and service pressures; workforce planning; community planning; public service reform; community health and care integration; cost and performance information. There is evidence of good coverage of these issues through reports to elected members over the last year (see Annex 1 for examples) so the intention of these comments is not seek to address every point in the Commission's report. Rather we have focused our comments around the report's main Key Recommendations (page 8). We have not addressed the recommendations around elected member training and development and working relationships/political leadership as the Committee itself will be better placed to comment on these issues.

## **COMMENTS**

### Understanding the Financial Position

2. The report highlights the need for councils to be clear as to the reasons that various reserves are held and recommends that councils develop longer term resource plans showing connections between savings, staff changes and how assets are best used to provide services. East Renfrewshire has already adopted such a long term view in setting aside funds e.g. through the Capital Reserve in addition to its policy aim of maintaining a general non earmarked reserve equivalent to 4% of the revenue budget. This has allowed investment in essential services to be maintained throughout the economic downturn when capital receipts were not forthcoming and has also permitted the Council to progress various transformation initiatives which will benefit the Council for many years to come.

3. In addition to these reserve funds the Council also makes budgetary provision for the one-off costs associated with workforce reduction savings. Any such proposals are subjected to a robust business case challenge and can be linked to our workforce planning process.

4. The report also points out that it is not sustainable to rely mainly on staffing reductions to deliver savings. Whilst East Renfrewshire Council's budget plans will take account of an element of staffing reductions this is not our only approach. Savings proposals are sought under a number of categories including service redesign, asset management, procurement and collaboration. In addition, all savings must demonstrate what options have been considered and, once savings proposals have been refined, these are subject to public consultation.

5. The report sets out the need for the chief financial officer of a council to have appropriate access and influence to perform his/her statutory role. In the Council's recent restructure, the statutory chief financial officer role has been maintained through the Head of Accountancy's inclusion on the Council's Corporate Management Team. She also performs the role of Section 95 officer carrying out those important statutory responsibilities.

6. In summary, the report stresses the importance of Councillors receiving good financial information. Six revenue monitoring reports are presented to Cabinet each year with the last four of these forecasting the year end position. Five capital monitoring reports are also submitted to Cabinet each year, all forecasting the year end position.

#### Understanding Public Reform Agenda, Including Impact of Welfare Reform

7. The report recommends that elected members prioritise the understanding of the public reform agenda, including the impact of welfare reform.

8. In recent months, elected members have considered reports on the national Commission on Strengthening Local Democracy and the Community Empowerment (Scotland) Bill. The focus of the Council's responses to these national consultations has been around seeking to improve outcomes for local communities, particularly in disadvantaged areas and amongst vulnerable groups, and strengthening local accountability. We have emphasised that a 'one size fits all' approach to local public services is not appropriate but rather that there should be support for greater local flexibility and innovation and further reductions in the burden of regulation. The Council has supported the principle set out in the Christie Commission report that "public services are built around people and communities, their needs, aspirations, capacities and skills, and work to build up their autonomy and resilience". We will continue to seek to influence the public reform agenda through forums such as CoSLA and SOLACE and through responses to consultations.

9. Elected members have been kept up to date with developments in welfare reform through reports to Cabinet; a seminar in autumn 2013; through Improvement Service briefings and some also had the opportunity to meet with David Mundell MP to discuss this topic in April 2013 and February 2014. The next Cabinet update on welfare reform is due in autumn 2014.

#### Changes in Health and Social Care

10. The report notes the need to prepare for changes in health and social care.

11. All elected members were invited to a seminar on the initial consultation on the integration of health and social care. This seminar was well attended by all members and informed the Council's response. Further seminars on the Bill have been held for members of the Community Health and Care Partnership (CHCP).

12. CHCP has received a number of update reports on the progress of the Public Bodies (Joint Working) (Scotland) Bill. In November 2013 CHCP Committee recommended that Council approve a report proposing that the CHCP move to a shadow Health and Social Care Partnership by April 2014 and proposed a number of changes to the CHCP Scheme of Establishment to support this new arrangement. CHCP Committee has received subsequent reports on transitional arrangements.

13. Scottish Government has issued consultation on draft regulations and guidance to support the Public Bodies (Joint Working) (Scotland) Act. The Chief Executive has formed a group of officers to advise elected members on the implications of these draft regulations and transitional arrangements and will report to Council on this in June.

### Option Appraisal & Charges for Services

14. The report highlights the importance of appraising options for delivering services and charging for services.

15. The Council undertakes an annual charging for services exercise, which reviews charges and ensures that there is sound cost information behind the charges. This is part of the budget-setting process and there are annual reports to Cabinet. There was a separate Accounts Commission report "Charging for Services – Are You Getting It Right" published in October 2013 and comment provided to Audit and Scrutiny Committee at that time.

16. A more detailed position on option appraisal will be provided separately to the Committee as part of comments on the Accounts Commission report "Option Appraisal – Are You Getting It Right?".

### Cost, Performance Information & Benchmarking

17. The report notes that good quality cost and performance information is necessary for decisions and scrutiny and that better use should be made of benchmarking to support service improvement and public performance reporting.

18. The Council has a well developed performance management system, with 6-monthly reports to Cabinet on progress with the Single Outcome Agreement (SOA) and Outcome Delivery Plan (ODP).

19. The Council has a culture of evidence-based continuous improvement and benchmarking has long been a key component of performance management in the Education Department particularly. Work has been done more widely in recent years to strengthen benchmarks across the Council and to ensure the inclusion of better costing information. This has been further developed through the Local Government Benchmarking Framework which has now replaced the Statutory Performance Indicators (SPIs).

20. This information is summarised for public performance reporting purposes on the Council's website and in our annual performance overview report. In addition, 'Data Evidence and Benchmarking' has been identified as one of the Council's 5 key capabilities (i.e. things we need to excel at as an organisation) and this is helping to draw officer attention to this important area and build the necessary skills to use data better.

### Governance & Governance of ALEOs

21. In its key recommendations, the report emphasises the importance of elected members being assured that governance is sound, including where Arms Length External Organisations (ALEOs) are in place.

22. The Council's Annual Code of Corporate Governance update provides a detailed look at how the Council applies CIPFA/SOLACE guidance in this area (see separate item on agenda). Currently the Council has no ALEOs, however work is ongoing to look at the feasibility, scope and business case for a potential leisure trust for East Renfrewshire. This exercise is being managed independently by Ernst and Young specialists.

### Community Planning

23. Finally, the report suggests that priority should be given to providing stronger leadership of Community Planning Partnerships (CPPs) and working with partners to make the best use of the overall public resources available in the area.

24. East Renfrewshire CPP has streamlined decision making arrangements through two six monthly Performance and Accountability Reviews (PARs), and a newly formed CPP Board. The CPP Board met for the first time on 14 January 2014, and is next due to meet in June. The Board review performance and evidence, assess how partnership resources are being deployed and link to other CPP structures including the Performance and Accountability Review, SOA workstreams and Information and Consultation Sessions.

25. As a partnership, we are laying the foundations for a strengthened approach to prevention. We are adapting and utilising the change model being used in the Early Years collaborative to support the achievement of outcomes, undertake preventative activities, promote integration and track performance. The CPP's approach to integrated operational partnership working is driven by the five SOA work streams and cross cutting issues. Key leads and stakeholders were identified for each work stream in 2013 we are currently providing training for all those involved.

26 We are actively working as a Partnership to implement Joint Resourcing, for example two of the five East Renfrewshire SOA outcomes are led by the CHCP where there is a well-established open and transparent system of joint resourcing and aligned budgets.

## **CONCLUSION**

27. The above comments attempt to give a very brief summary of Council's position on the main areas being recommended in the Accounts Commission's Overview of Local Government 2014. We believe that the above demonstrate a strong position against the recommendations.

Comments from:-

Louise Pringle, Head of Customer & Business Change Services;  
Margaret McCrossan, Head of Accountancy;  
Candy Millard, Head of Planning & Performance (CHCP); and  
Jamie Reid, Community Planning Manager.

27 May 2014

Examples of Relevant Reports in 2013/14

- Draft Outcome Delivery Plan 2014-17, Cabinet 1 May 2014
- CHCP Charging Update 2014/15, Cabinet 1 May 2014
- Local Government Benchmarking Framework 2012/13 Performance, Cabinet 10 April '14
- Cabinet – Police & Fire, 20 March 2014; 28 November 2013; 12 September 2013
- Trading Under Best Value, Cabinet 20 February 2014
- Consultation on Community Empowerment (Scotland) Bill, Cabinet 30 January 2014
- Chief Social Worker Annual Report 2012/13, Council 11 December 2013
- Strategic Mid Year Performance Report 2013/14, Cabinet 5 December 2013
- Comparative Results for Statutory Performance Indicators 2012/13, Cabinet 5 Dec 2013
- Commission on Strengthening Local Democracy, Cabinet 5 December 2013
- Charging for Services 2014/15, Cabinet 21 November 2013; Council 11 December 2013
- New Corporate Statement, East Renfrewshire: Your Council, Your Future, Cabinet 7 November 2013
- Managing Absence, Audit & Scrutiny Committee 7 November 2013
- Annual Accounts 2012/13, Cabinet 24 October 2013; Audit Committee 7 November 2013; Council 11 December 2013
- Feasibility Study on Transfer of Services to a Trust, Cabinet 24 October 2013
- Changes to Council's Organisational Structure, Council 23 October 2013
- Welfare Reform Preparations Update, Cabinet 19 September 2013
- Economic Recovery Plan Update, Cabinet 19 September 2013
- Annual Efficiency Statement 2012/13 & Update on Public Service Excellence (PSE), Cabinet 15 August 2013
- Financial Performance for Year Ended 31 March 2013, Cabinet 15 August 2013
- Code of Corporate Governance, Audit Committee 27 June 2013
- Community Engagement presentation, Audit Committee 27 June 2013
- Single Outcome Agreement, Cabinet 20 June 2013; Council 26 June 2013
- Strategic End Year Performance 2012/13, presentation & report, Cabinet 20 June 2013
- Departmental End Year Performance reports 2012/13, Cabinet 20 June 2013
- Development of Procurement Activities, Cabinet 20 June 2013
- Welfare Reform, Cabinet June 2013
- Audit Scotland Assurance & Improvement Plan Update, Council 15 May 2013
- Organisational Development Plan, Council 15 May 2013.