

**LOCAL GOVERNMENT IN SCOTLAND CHALLENGES AND PERFORMANCE 2018**

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**1. SUMMARY**

- 1.1 The Accounts Commission recently published its report on Local Government in Scotland Challenges and Performance 2018.
- 1.2 The report is provided to members for their information with a high level summary of areas of interest for the Audit and Scrutiny Committee.

**Recommendations**

That the Audit and Scrutiny Committee:

- Notes the report by the Accounts Commission.
- Endorses the view the Council is taking action in both its improvement and transformation agendas to address the issues in the recommendations section.

**Douglas Hendry**  
**Executive Director – Customer Services**

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**2. SUMMARY**

- 2.1 The Accounts Commission recently published its report *Local Government in Scotland – Challenges and Performance 2018*.
- 2.2 The report sets out the main challenges that are shared by local government in Scotland and makes a series of recommendations for councils. These are set out in the report and are areas that the Council is taking into account as part of its ongoing improvement and transformation programmes.

**3. RECOMMENDATIONS**

It is recommended that the Audit and Scrutiny Committee

- 3.1 Notes the report by the Accounts Commission.
- 3.2 Endorses the view the Council is taking action in both its improvement and transformation agendas to address the issues in the recommendations section.

**4. Main issues**

- 4.1 The Accounts Commission report *Local Government in Scotland – Challenges and Performance 2018* summarises the key challenges facing councils as:
- Councils' increasing use of reserves to support forecasted funding gaps,
  - Workforce reduction and the need for robust workforce planning to ensure Councils have the right people with the right training and skills to deliver their priorities, and
  - The vital need for transformational change in response to reductions in funding.
- 4.2 The report notes that Councils generally demonstrate good medium-term planning. However, more work needs to be done to link budgets to plans and outcomes, establish sustainable long-term (beyond 5 years) planning arrangements and demonstrate that outcomes and strategic priorities are being delivered. Argyll and Bute Council adopted its medium to long term financial strategy in October 2017. This identifies the key risks for the Council and the strategic principles that have been and are being put in place to manage budget pressures and support transformational change.

- 4.3 Reducing workforce size is one of the main ways Councils have reduced spending with staff numbers continually reducing every year since 2009. This has led to a reduction of over 31,000 staff across local government in Scotland in the period up to 2017. This is a 14% reduction. The report highlights that staff reductions need to be managed by robust workforce planning which recognises the complex requirements of Council service delivery. Statistical sources show Councils have an aging workforce with indicators pointing to a mid to late 40's age range as a median age for staff. Compounding concerns about the age of the workforce, many Councils have recorded a struggle to recruit and retain employees, especially within specific specialisms and professional roles. It is therefore vital that Councils ensure staff are appropriately trained and have the necessary skills to deliver the services required. Argyll and Bute Council has an older than average workforce, with 48% of employees aged over 50 and a very small proportion of staff in the 18-25 age group. This presents a long term risk to the Council, notwithstanding the removal of the default retirement age. The Council agreed its Strategic Workforce Plan, which contained service level detail, in April 2018. This sets out a programme from 2018-2022 which recognises the Council's important role as an employer in the area. The plan sets out an approach which will support the organisation to manage its people resource within budget, provide opportunities for young people, support skills development to enable transformational change, meet external policy demands such as 1140 Early Learning and Childcare and provide flexibility and growth amongst our existing workforce.
- 4.4 The Accounts Commission states that significant transformational programmes which radically change service provision and delivery in a way suited to communities are essential. Transformational changes are seen as a key component to achieve spends within targets. The report highlights a variety of transformational approaches across Councils, cautioning that change must be appropriately planned delivered and achieves the outcomes anticipated. The Council's Transformation Board is taking forward learning in a range of transformational and business/commercial approaches to underpin change in the organisation. This forum is cross departmental and has had some notable successes in delivering savings and changes. Exhibit 10 in the report identifies changes to recycling cost and rates. Following a transformational change in the approach to recycling implemented in 2017, the Council shows a reduced cost for recycling and a small increase in the amount of waste recycled, indicating positive change. Transformation is limited, however, in the provision of some services, such as Primary School education, where the remoteness of our communities means that costs of per pupil education is high. The Council continues to work to balance the quality of our services with the most efficient means of delivering them.
- 4.5 Digital solutions are identified as a potential way of delivering savings and achieving effective services by supporting customers to self serve. The report examines the different approaches of Councils, highlighting the support available to Councils from digital partnerships and peer support programmes. The report cautions Councils on the need to maintain a balanced delivery of service through digital and traditional approaches to ensure can be accessed by all users. Argyll and Bute Council has an excellent track record of using ICT

to overcome geographical challenges through both employee flexible and remote working and by ongoing channel shift and digital customer engagement. This is delivered as a complement to face to face service points in key settlements and on islands is informed by a high level of awareness of balancing digital with face to face needs with regard to inclusion. The report also recognises the challenges of delivering care to our aging population and, with our geographical challenges, the implementation of improved technology through TEC (Technology Enabled Care) is an important area for development that the Council is taking forward as part of the Argyll and Bute Health and Social Care Partnership.

- 4.6 The report highlights the importance of understanding demographics in the area to plan services. Argyll and Bute has experienced population decline over a prolonged period and it was this driver that resulted in the development of the Argyll and Bute Outcome Improvement Plan objective of creating economic success built on a growing population. This approach underpins our Corporate Plan and the Council's priorities. Population analysis informs our service delivery decisions and we are particularly aware of this in relation to our older than average population. This report highlights the issue of depopulation in the western regions of Scotland. The Council is already taking action on through political lobbying and partnership working to identify the underlying reasons for and potential solutions to this issue.
- 4.7 Working with Communities is another area of action recommended by the report. Argyll and Bute has a strong and effective Community planning partnership and community engagement is currently at the heart of the Chief Executive's 'Big Listen' in communities across Argyll and Bute. The outcome from these will inform our approach to the local governance review going forward.
- 4.8 In conclusion, the Council is well placed to deliver on the recommendations in the report and has a good track record of delivering on change and budget challenges.

## **5.0 IMPLICATIONS**

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| 5.1 | Policy           | The report sets a context for Best Value                      |
| 5.2 | Financial        | The report sets out the financial future for local government |
| 5.3 | Legal            | None  |
| 5.4 | HR               | None  |
| 5.5 | Equalities       | None  |
| 5.6 | Risk             | None  |
| 5.7 | Customer Service | None  |

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