

Notice of Meeting and Agenda Audit, Risk and Scrutiny Board

Date	Time	Venue
Monday, 27 August 2018	10:00	Corporate Meeting Room 1, Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

KENNETH GRAHAM
Head of Corporate Governance

Membership

Councillor Tom Begg: Councillor Stephen Burns: Councillor Michelle Campbell: Councillor Alison Jean Dowling: Councillor Neill Graham: Councillor Jim Harte: Councillor Emma Rodden: Councillor Bill Binks (Convener): Councillor Jim Sharkey (Depute Convener):

Members of the Press and Public

Members of the press and public wishing to attend the meeting should report to the customer service centre where they will be met and directed to the meeting.

Further Information

This is a meeting which is open to members of the public.

A copy of the agenda and reports for this meeting will be available for inspection prior to the meeting at the Customer Service Centre, Renfrewshire House, Cotton Street, Paisley and online at <http://renfrewshire.cmis.uk.com/renfrewshire/CouncilandBoards.aspx>

For further information, please either email democratic-services@renfrewshire.gov.uk or telephone 0141 618 7112.

Items of business

Apologies

Apologies from members.

Declarations of Interest

Members are asked to declare an interest in any item(s) on the agenda and to provide a brief explanation of the nature of the interest.

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AUDIT

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| 1 | Training for Audit, Risk & Scrutiny Board Members | 5 - 14 |
| | Report by Chief Auditor. | |
| 2 | Summary of Internal Audit Reports for Period 19 May to 30 June 2018 | 15 - 26 |
| | Report by Chief Auditor. | |
| 3 | Internal Audit and Counter Fraud Progress & Performance for Period to 30 June 2018 | 27 - 38 |
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| | <u>MONITORING & REVIEWING SERVICE DELIVERY, PERFORMANCE, POLICIES & PRACTICES</u> | |
| 4 | Audit Scotland Report - Local Government in Scotland - Challenges and Performance 2018 | 39 - 98 |
| | Report by Director of Finance & Resources. | |
| 5 | Audit Scotland Report - Early Learning & Childcare | 99 - 104 |
| | Report by Head of Early Learning & Childcare. | |
| 6 | Update on Council Response to "Report of the Independent Inquiry into the Construction of Edinburgh Schools" and Audit Scotland's 2016/17 Audit of "The City of Edinburgh Council - Report on Edinburgh Schools". | 105 - 134 |
| | Report by Director of Finance & Resources. | |
| 7 | Absence Statistics - 2018/19 Quarter 1 | 135 - 144 |
| | Report by Director of Finance & Resources. | |

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	<u>ANNUAL PROGRAMME</u>	
10	Review of Housing Repairs by Council and Outside Contractors (Lead Officer: Colin Hunter)	157 - 166
	Report by Lead Officer.	
11	Review of Bus Deregulation and its effect on transport services in Renfrewshire (Lead Officer Peter McCulloch)	167 - 174
	Report by Lead Officer.	
12	Review of the Newly Introduced Speed Limit in Brookfield (A761) (Lead Officer David Wilson)	175 - 180
	Report by Lead Officer.	



To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: Chief Auditor

Heading: Training for Audit, Risk and Scrutiny Board Members

1. Summary

- 1.1 In line with national guidance produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of Audit Committee Principles in Scottish Local Authorities, training on audit and risk related matters is being provided to members of the Audit, Risk and Scrutiny Board.
- 1.2 At the Audit, Scrutiny and Petitions Board meeting on 28 August 2017, it was agreed that a programme of training briefings for members would be provided and would continue to form part of the main agenda at every alternate meeting.
- 1.3 Attached at Appendix 1 is the agreed programme of briefings, and at Appendix 2 the current briefing on "Annual Accounts – An Introduction".
- 1.4 In preparation for the 2018/2019 National Fraud Initiative it is proposed to include an additional briefing into the planned programme for the 25 September Board meeting.

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2. **Recommendations**
 - 2.1 Members are asked to approve the additional briefing session for the National Fraud Initiative on 25 September 2018.
 - 2.2 Members are asked to note the content of the current training briefing.
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Implications of the Report

1. **Financial** - None
 2. **HR & Organisational Development** - None
 3. **Community Planning –
Safer and Stronger** – an effective audit committee is an important element of good corporate governance.
 4. **Legal** - None
 5. **Property/Assets** - None
 6. **Information Technology** - None
 7. **Equality & Human Rights** - None
 8. **Health & Safety** – None
 9. **Procurement** - None
 10. **Risk** - training for elected members on audit and risk-related matters reflects audit committee principles
 11. **Privacy Impact** – None
 12. **COSLA Implications** - None
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Author: Andrea McMahon – 01416187017

Appendix 1

Date	Topic
28 August 2017	The Role of the Audit Committee
6 November 2017	Cyber Security Risk and Control
19 March 2018	The Role of External Audit
27 August 2018	Understanding Financial Statements
25 September 2018	National Fraud Initiative
5 November 2018	The Role of Internal Audit

Renfrewshire Council Annual Accounts – an introduction

Lisa Dickie – Finance Manager




What we will cover

- Nature and role of annual accounts
- Explanatory statements
- Numerical statements
- Other statements



Nature and role of accounts

- Annual publication required by statute
- Key element in governance arrangements
- General purpose and at corporate level
- Accounting standards and legislation
- True and fair (and understandable)



Explanatory statements

Mandatory: to help the reader understand the accounts and to provide assurances.

- Management Commentary
- Statement of responsibilities
- Annual Governance Statement
- Remuneration report



Management Commentary

- Outlines the objectives, strategy and financial performance of the council
- Highlights key facts, notes major changes in the year and provides context to results.
- Covers both council and group
- CIPFA best practice for areas to be covered



Statement of responsibilities

- Explains the role of the full council
 - Corporate responsibility for finances and assets
- Legal responsibilities of the "Section 95" officer
 - CFO prepares the accounts in line with proper practice and complies with legislation
 - Plus ensures up-to-date accounting records kept and financial controls are in place.



Annual Governance Statement

- Explains how the council controls its resources
 - The main features for the control of its finances
 - The role and responsibilities of internal audit and the Audit Committee
 - Any reviews done during the year and any major weaknesses found and details an action plan
 - Applies to the council and the group



Remuneration report

- Explains how the pay etc of senior councillors and top officials is set by the council.
- Shows what each of these people were paid plus pension benefits.
- Plus the number of senior people* within pay bands.
- Details the costs associated with Exit Packages agreed by the Council.

* i.e. earning in excess of £50k



Numerical statements

These statements show the resources used and generated plus financial position of the council.

- Movement in reserves statement
- Comprehensive income and expenditure statement
- Balance sheet
- Cash flow
- Notes to the accounts



Movement in reserves

- Shows the financial resources available
- Two broad categories of reserves, usable and unusable. Usable reserves include the general fund.
- Each reserve shows the change in the year split over :
 - Resource changes (see Comprehensive Income and Expenditure Statement later)
 - Statutory adjustments (intervention to protect taxpayers)
 - Transfers between statutory reserves



Comprehensive Income & Expenditure Statement

- Shows the cost in accounting terms of providing services. Accounting standards and practice are used to measure the substance of transactions.
- Two broad sections
 - Surplus or deficit on provision of services (that falls on the general fund)
 - Other comprehensive income & expenditure (unrealised gains or losses e.g. changes in valuation of assets/pensions)



Balance Sheet

- Snapshot of assets and liabilities at the year-end.
- Assets are resources within the council's control. Liabilities are commitments the council will have to settle. Both are split between long and short term.
- Two main parts
 - Net assets (assets and liabilities in defined categories to show resources and obligations)
 - Total reserves (attributable funding)



Cash flow statement

- Shows cash flows during the year, starting from the opening position through to the year-end figure for "cash and cash equivalents" in the balance sheet.
- The definition of "cash" includes short-term investments under 3 months.
- Cash flow (and its management) matters because we need to be able to settle our liabilities as they arise plus strike the right balance between the security of invested cash and the investment returns.



Other statements

- "The Code" requires three additional statements (in our case)
 - Council tax income account
 - Non-domestic rates account
 - Housing Revenue account
- The council tax and NDR statements show the income and the deductions made under statute.
- HRA shows the income and expenditure during the year related to council housing; and a statement of balances



Questions?

- Lisa Dickie
- lisa.dickie-fi@renfrewshire.gov.uk
- Ext 7384





To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 19 May to 30 June 2018

1. Summary

- 1.1 In line with the Public Sector Internal Audit Standards, Internal Audit must communicate the results of each engagement to the Board. To comply with this requirement Internal Audit submits regular reports on the findings and conclusions of audit engagements to the Audit, Risk and Scrutiny Board.
- 1.2 Appendix 1 provides details those audit engagements completed during the period 19 May to 30 June 2018 with the overall assurance rating and the number of recommendations in each risk category. The committee summary for each report is also attached. For each audit assignment where recommendations have been made, the relevant managers have put action plans in place to address the issues raised.
- 1.3 In addition to the reports listed in the Appendix, Internal Audit has an ongoing commitment to:
- A range of corporate and service initiatives;
 - Progressing of information security matters in partnership with ICT and Legal Services;
 - The regular provision of advice to departmental officers;
 - The provision of internal audit services to the associated bodies for which Renfrewshire Council is the lead authority and to Renfrewshire Leisure Ltd and Renfrewshire Health and Social Care Integrated Joint Board;

- Co-ordination of the Council's corporate risk management activity;
 - Management of the counter fraud team;
 - Management of the risk management and insurance team.
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2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Audit Findings reported during the period from 19 May to 30 June 2018.
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Implications of the Report

1. **Financial** - None
2. **HR & Organisational Development** - None
3. **Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.
4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** – None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The summary reported relates to the delivery of the risk-based internal audit plan.
11. **Privacy Impact** – None
12. **COSLA Implications** - None

Author: Karen Campbell – 01416187016

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 19 May – 30 June 2018

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Finance & Resources	Non Domestic Rates	Substantial		1	1	1
		Salary Sacrifice Scheme	Limited	2	3	3	0
	Communities, Housing/ Planning/Environment & Infrastructure	Housing Statutory Inspections	Reasonable	1	2	2	0
	Environment & Infrastructure/RLL	RLL Statutory Inspections	Limited	2	5	3	0

Note 1 – No assurance rating can be given in respect of investigation assignments

Assurance Level	
Substantial Assurance	<ul style="list-style-type: none"> There is a sound system of internal control designed to achieve the objectives of the area being reviewed. The control processes tested are being consistently applied.
Reasonable Assurance	<ul style="list-style-type: none"> The internal control processes are generally satisfactory with some areas of weakness being identified that could put some objectives of the area being reviewed at risk

	<ul style="list-style-type: none"> There is evidence that the level of non-compliance with some of the control processes may put some of the objectives of the area being reviewed at risk.
Limited Assurance	<ul style="list-style-type: none"> Weaknesses in the system of internal controls are such as to put the objectives of the area being reviewed at risk. The level of non-compliance puts the objectives of the area being reviewed at risk.
No Assurance	<ul style="list-style-type: none"> Control processes are generally weak with significant risk to the achievement of the objectives of the area being reviewed. Significant non-compliance with control processes leaves the processes/systems open to error or abuse.

Recommendation Rating	
Service Improvement	Implementation will improve the efficiency / housekeeping of the area under review.
Good Practice	Implementation will contribute to the general effectiveness of control.
Important	Implementation will raise the level of assurance provided by the control system to acceptable levels.
Critical	Addresses a significant risk, impacting on the objectives of the area under review.

Internal Audit Report

Finance and Resources

Non Domestic Rates (A0082/2018/002)

A0082/2018/002

Date: May 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

- There is an adequate system in place to ensure the calculation and payment of non domestic rates;
- All exemptions and discounts have been properly applied;
- All NDR income due is properly accounted for and recorded on the system;
- All accounts have been issued in line with statutory timescales;
- All income due to East Renfrewshire Council has been remitted to their bank account;
- Outstanding debt at the year end is being appropriately managed.

Audit Scope

1. Interviewed the appropriate officers to ascertain the system in place in relation to billing, collecting and monitoring NDR income, updating for any recent changes. Identified any areas for improvement.
2. Undertook a series of tests to ensure the system is adequate and operating as intended.
3. Prepared a certificate for East Renfrewshire Council based on the outcome of this audit.

Key Audit Assurances

1. There is an adequate system in place for the calculation and payment of Non Domestic Rates.
2. Demand notices are issued according to statutory timescales.
3. Controls over the collection and remitting of income due to East Renfrewshire Council are satisfactory.
4. Debt recovery is appropriately managed.

Key Risks

If audit checks of reliefs granted are not carried out as often as agreed, there is a risk that some reliefs may be incorrect.

Overall Audit Opinion

The audit identified that satisfactory controls are in place for the billing and collection of NDR, with the exception of audit checks of NDR reliefs not being carried out as often as agreed. Recommendations in the report to address areas of weakness identified will, if implemented, help strengthen the controls in place for NDR.

Internal Audit Report

Finance and Resources

Non Domestic Rates (A0082/2018/002)

A0082/2018/002

Date: May 2018

Management Commentary
Management have put checks in place to ensure that the audit checks on reliefs are being undertaken as planned.

Internal Audit Report

Finance & Resources

Payroll - Salary Sacrifice Schemes (A0084/2018/002)

A0084/2018/002

Date: May 2018

COMMITTEE SUMMARY

Audit Objectives

The objectives of the review were to ensure that:

- Documented procedures are adequate, up to date and accessible to those individuals administering the schemes.
- Processes are in place to action and validate all employees electing to join the scheme.
- Accurate and prompt deductions are made from employees pay, coded correctly to the ledger and appropriately paid over to relevant creditor as required.
- Regular reconciliations are undertaken of control accounts and against expected payments.
- Processes are in place to end the salary sacrifice scheme on termination of the employee, and accurate final payments are made where appropriate.
- All monies due to the Council are claimed and received in line with any approved limits.
- Procurement arrangements are adequate in relation to contract period.

Audit Scope

1. Interviewed the appropriate officers in Service Accounting, HR and Payroll Services to ascertain which salary sacrifice schemes are currently in operation and who is responsible for them. The Childcare Voucher Scheme and the Additional Annual Leave Scheme were selected for testing.
2. Established what arrangements are in place regarding actions taken when employees elect to join a scheme, collection and reconciliation of deductions, and closing the scheme when an employee terminates employment.
3. Reviewed the current contract arrangements in place for the Childcare Voucher Scheme.
4. Prepared and undertook a series of tests to assess the adequacy of the above arrangements and to meet the objectives of the audit.

Key Audit Assurances

- In general, salary sacrifice deductions are made promptly and accurately where employees participating in the scheme have had no change in circumstances.

Key Risks

1. There have been significant overpayments in relation to the Childcare Voucher Scheme resulting in a financial cost to the council.
2. There is evidence that not all monies have been recovered from employees leaving the council or transferring to other posts within the council in relation to the Additional Annual Leave Scheme resulting in a reduction in income to the council.
3. Suspense account reconciliations have not been appropriately undertaken resulting in a financial cost to the council and payments not being made to HMRC.

Internal Audit Report

Finance & Resources

Payroll - Salary Sacrifice Schemes (A0084/2018/002)

A0084/2018/002

Date: May 2018

Overall Audit Opinion

The audit has identified a lack of controls specifically in relation to suspense account reconciliations and processes when employees terminate their employment or leave salary sacrifice schemes. Recommendations have been made in the report to establish and improve the robustness of controls in these areas and based on this the auditor has made a provision of limited assurance over the administration of salary sacrifice schemes operating within the council.

Management Commentary

Management have put arrangements in place to:-

- a) closely monitor the Child Care suspense account
- b) ensure the required reconciliations for each scheme and the financial ledger are undertaken
- c) ensure the child care and additional annual leave overpayments are satisfactorily dealt with.

Internal Audit Report

Communities, Housing & Planning/Environment & Infrastructure

Housing Statutory Inspections (A0110/2018/002)

A0110/2018/002

Date: May 2018

COMMITTEE SUMMARY

Audit Objectives
<p>The objectives of this audit are to ensure that:</p> <ul style="list-style-type: none"> • There are adequate formalised arrangements in place with Building Services or External Contractors to undertake statutory inspections and remedial works for housing stock within the guidance timescales; • Appropriate arrangements are in place to identify all properties requiring statutory inspections, and log the outcome of these inspections; • Arrangements are in place to undertake resulting remedial works arising from inspection visits, within the required timescales and log the works as completed; • Incomplete inspections are appropriately followed up and ultimately completed; • Post work inspection arrangements are in line with building services documented guidance or sub contract terms and conditions where these apply; • Compliance certificates are appropriately retained and adequate, relevant management information is available to Management of both services.
Audit Scope
<ol style="list-style-type: none"> 1. Interviewed appropriate officers and obtained relevant information and system notes. 2. Prepared a series of tests to enable examination of the areas outlined in the objectives.
Key Audit Assurances
<ol style="list-style-type: none"> 1. Appropriate arrangements are in place to identify all gas properties requiring statutory inspections, within the guidance timescales and log the outcome of these inspections. 2. Compliance certificates for gas and electrical inspections carried out are appropriately retained; 3. Adequate performance management information is provided to and reviewed by Senior Management (Housing Services) in relation to the number of completed statutory inspections.
Key Risks
<ol style="list-style-type: none"> 1. Appropriate contracts may not be in place for gas and electrical inspections undertaken by sub contractors. 2. There is currently no agreed target for statutory inspections that are physically post inspected. 3. Remedial work following electrical inspections are not always completed timeously in relation to the sample inspected.

Internal Audit Report

Communities, Housing & Planning/Environment & Infrastructure

Housing Statutory Inspections (A0110/2018/002)

A0110/2018/002

Date: May 2018

Overall Audit Opinion

The audit has provided a reasonable level of assurance in relation to Housing Statutory Inspections. Recommendations have been made to establish an appropriate level of gas post inspections and to complete remedial work following electrical inspections more quickly.

Management Commentary

1. The necessary contracts are now in place for this type of gas and electrical works.
2. Post inspection work targets will be included in the revised Partnering Agreement for the repair and maintenance of housing stock.
3. Management have put processes in place to ensure electrical remedial work is undertaken timeously.

Internal Audit Report

Renfrewshire Leisure Ltd

RLL - Statutory Inspections (A0108/2018/001)

COMMITTEE SUMMARY

Audit Objectives

The objectives of this audit are to ensure that:

- There are adequate formalised arrangements in place with Building Services or External Contractors to undertake statutory inspections and remedial works for RLL properties within the guidance timescales;
- Appropriate arrangements are in place to identify all properties requiring statutory inspections, and log the outcome of these inspections;
- Arrangements are in place to undertake resulting remedial works arising from inspection visits, within the required timescales and log the works as completed;
- Incomplete inspections are appropriately followed up and ultimately completed;
- Post work inspection arrangements are in line with building services documented guidance or sub contract terms and conditions where these apply;
- Compliance certificates are appropriately retained and adequate, relevant management information is available to Management of both services.

Audit Scope

- Interviewed appropriate officers to obtain relevant information and system notes.
- Prepared and undertook a series of tests to enable examination of the areas outlined in the objectives for the 9 RLL sports facilities.

Key Audit Assurances

1. There are appropriate Transfer and Property Agreements in place between Renfrewshire Council and Renfrewshire Leisure in relation to statutory inspections and remedial works.
2. All properties, in the sample requiring statutory inspections were appropriately identified on the Asset Management system, CAMIS, which also enables inspection frequencies to be recorded and appropriate documentation to be stored.

Key Risks

1. There was evidence to support that some remedial works had not been carried out within an appropriate timescale.
2. Dates of previous / future inspections recorded on CAMIS did not agree for some of the sample which could result in statutory obligations not being met.
3. There is a lack of management oversight from RLL in relation to performance monitoring associated with inspections undertaken by Building Services.

Internal Audit Report

Renfrewshire Leisure Ltd

RLL - Statutory Inspections (A0108/2018/001)

Overall Audit Opinion

The auditor recognises that the process of recording all relevant information and documentation on CAMIS for RLL assets is a work in progress. However, issues were identified in relation to remedial works, recording of information, retaining documentation and reporting to RLL and therefore the auditor can only provide limited assurance on the current process. Implementation of the audit recommendations listed in the detailed report will improve the robustness of the current process.

Management Commentary

1. Council Management have put processes in place to ensure remedial work is undertaken timeously.
2. Training is being arranged to enable RLL Management to obtain the necessary performance reports from the CAMIS system to enable them to monitor the inspections undertaken and their outcomes.



To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 30 June 2018

1. Summary

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Risk and Scrutiny Board on 19 March 2018. Internal Audit measures the progress and performance of the team on a regular basis using a range of performance indicators. This report monitors progress from 1 April 2018 to 30 June 2018, in terms of the delivery of the Audit Plan for the year and compares actual performance against targets set by the Director of Finance and Resources.
- 1.2 In terms of Counter Fraud, no formal performance targets for fraud investigation have been established for the following reasons. A major part of their work involves being the single point of contact for DWP's Single Fraud Investigation Service. A great deal of effort over the last year has been on increasing fraud awareness amongst employees to prevent fraud from occurring against the Council. The types of fraud referrals received to date are wide ranging and the team's objective is to concentrate on investigating those referrals considered to contain the greatest fraud risk.
- 1.3 The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2018 to 30 June 2018.

2. Recommendations

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 June 2018.
-

3. Background

- 3.1 The progress and performance of the Internal Audit Team is subject to regular monitoring using a number of performance measures. The Director of Finance and Resources has set annual targets for the team to demonstrate continuous improvement. In terms of the Counter Fraud team, due to the diverse nature of fraud referrals no formal performance targets have been established and the outcomes from investigations is regularly monitored by management.
- 3.2 Internal Audit and the Counter Fraud Team support a variety of local and national initiatives through participation in professional practitioner groups and co-ordination of national initiatives such as the National Fraud Initiative.
- 3.3 This report measures the progress and performance of both the Internal Audit and Counter Fraud Team for the period from 1 April 2018 to 30 June 2018.

4. Internal Audit Team Performance

(a) Percentage of audit plan completed as at 30 June 2018

This measures the degree to which the Audit plan has been completed

Actual 2017/18	Annual Target 2018/19	Audit Plan Completion Target to 30 June 2018	Audit Plan Completion Actual to 30 June 2018
93.0%	95.0%	19%	24.3%

Actual performance is currently ahead of target.

(b) Percentage of assignments completed by target date

This measures the degree with which target dates for audit work have been met.

Target 2018/19	Actual to 30 June 2018
95.0%	100%

Actual performance is ahead of the target set for the year.

(c) **Percentage of audit assignments completed within time budget**

This measures how well the time budget for individual assignments has been adhered to.

Target 2018/19	Actual to 30 June 2018
95.0%	100%

Actual performance is ahead of the target set for the year, although this is likely to reduce over the remainder of the year.

(d) **Percentage of audit reports issued within 6 weeks of completion of audit field work**

This measures how quickly draft audit reports are issued after the audit fieldwork has been completed.

Target 2018/19	Actual to 30 June 2018
95.0%	100%

Actual performance is ahead of the target set for the year.

5 Counter Fraud Team Progress and Performance

- 5.1 In line with the Service Level Agreement, the Counter Fraud Team act as the Single Point of Contact (SPOC) to route potential housing benefit fraud referrals to the DWP, liaise with the Council's Housing Benefit Team and DWP Fraud Officers and retrieve the necessary evidence for the DWP Fraud Officers from the Housing Benefit System. The resource that has been required for this role continues to be at least one FTE Counter Fraud Investigator.
- 5.2 A corporate counter fraud plan has been developed to provide a programme of staged initiatives to improve and strengthen Renfrewshire Council's resilience to the threat of fraud. The plan presents a holistic strategy to deter, disable, disrupt, detect, and deal with fraud throughout the Council landscape.
- 5.3 By addressing the issue of fraud, the resources available to the Council will be protected and enhanced. Where fraud is detected, corrections will reduce the burden on Council resources; where weaknesses are uncovered which have allowed fraud to develop, controls will be strengthened. By strengthening control measures, Renfrewshire Council will be able to ensure that resources are used to maximum effectiveness. Working together, the Corporate Counter Fraud Team and Internal Audit Staff will develop advice and support strategies for council services, to strengthen controls and prevent opportunities for fraud to develop.

5.3 The Policy for the Prevention and Detection of Fraud and Corruption is currently being updated.

5.4 Although there are no specific performance measures for counter fraud, the team records the outcomes of investigations in line with any guidance issued by Audit Scotland. The financial and non-financial results for quarter 1 (April 2018 to June 2018) and cumulative for the year 2018/19 are noted in the table below.

Financial Outcomes	Quarter 1 (£)	Cumulative 2018/19 (£)
Cash savings directly attributable to preventative counter fraud intervention	1,488	1,488
Cash recoveries in progress directly attributable to counter fraud investigations	603,485	603,485
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	189,174	189,174
Non-Financial Outcomes	Quarter 1	Cumulative 2018/19
Housing properties recovered	2	2
Housing applications amended/cancelled	3	3
Blue badge misuse warning letters issued	18	18

6 National Fraud Initiative

6.1 The Chief Auditor has overall responsibility for coordinating the council's participation in the National Fraud Initiative. The 2016/2017 exercise is nearing completion. In addition to previously reported outcomes, council tax single person discounts of £290,852 have been cancelled as a result of the exercise and are being actively recovered.

6.2 Preparatory work has commenced for the 2018/2019 exercise, including completion of the Audit Scotland checklist at Appendix 1, and a detailed action plan is in place to ensure that the required datasets are submitted for the deadline of 8 October 2018.

Implications of the Report

- Financial** - The Council has in place arrangements to recover the any financial payments identified from the work of the Counter Fraud Team and the National Fraud Initiative.
- HR & Organisational Development** - None
- Community Planning – Safer and Stronger** - effective internal audit is an important element of good corporate governance.

4. **Legal** - None
5. **Property/Assets** - None
6. **Information Technology** - None
7. **Equality & Human Rights** - None
8. **Health & Safety** – None
9. **Procurement** - None
10. **Risk** - The progress and performance reported relates to the delivery of the risk-based internal audit plan and the mitigation of the risk of fraud and error.
11. **Privacy Impact** – None
12. **COSLA Implications** - None

Author: Karen Campbell – 01416187016

Self Assessment Checklist 2018/19

	Yes/no/partly	Is action required?	Who by and when?
Leadership, commitment and communications			
1. Are we committed to the NFI? Has the council/board, audit committee and senior management expressed support for the exercise and has this been communicated to relevant staff?	Yes - NFI reported to CMT (Audit Panel) and Audit, Risk and Scrutiny Board, Training is provided to members.	Yes - Training plan to be updated	Chief Auditor August 2018 Board
2 Is the NFI an integral part of our corporate policies and strategies for preventing and detecting fraud and error?	Partly - there is a Counter Fraud Policy in place and it is incorporated into the Counter Fraud Business Plan.	Yes - Counter Fraud policy to be updated and NFI needs to be included in the strategic and prevention policy	Assistant Chief Auditor September 2018
3 Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data-matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?	Yes	Data matching is part of the Counter Fraud Business Plan	Senior Counter Fraud Investigator March 2019
4 Are the NFI progress and outcomes reported regularly to senior management and elected/board members (eg, the audit committee or equivalent)?	Yes	No	
5 Where we have not submitted data or used the matches returned to us, eg council tax single person discounts, are we satisfied that alternative fraud detection arrangements are in place and that we know how successful they are?	N/A	No	

Self Assessment Checklist 2018/19

6 Does internal audit, or equivalent, monitor our approach to NFI and our main outcomes, ensuring that any weaknesses are addressed in relevant cases?	Yes	No	
Part A: For those charged with governance			
7 Do we review how frauds and errors arose and use this information to improve our internal controls?	Yes - where relevant		
8 Do we publish, as a deterrent, internally and externally the achievements of our fraud investigators (eg, successful prosecutions)?	Report to members of the Audit, Risk and Scrutiny Board. Other publicity is considered on a case by case basis.	No	
Part B: For the NFI key contacts and users			
Planning and preparation			
1 Are we investing sufficient resources in the NFI exercise?	Yes - time included in audit plan and regular engagement with service through counter fraud team doing monitoring	No	
2. Do we plan properly for NFI exercises, both before submitting data and prior to matches becoming available? This includes considering the quality of data.	Yes - full planning process and detailed action plan in place.	No	

Self Assessment Checklist 2018/19

3 Is our NFI Key Contact (KC) the appropriate officer for that role and do they oversee the exercise properly?	Yes - Chief Auditor	No	
4 Do KCs have the time to devote to the exercise and sufficient authority to seek action across the organisation?	Yes - time included in audit plan and regular engagement with service through counter fraud team doing monitoring	No	
5 Where NFI outcomes have been low in the past, do we recognise that this may not be the case the next time, that the NFI can deter fraud and that there is value in the assurances that we can take from low outcomes?	Yes	No	
6. Do we confirm promptly (using the on-line facility on the secure website) that we have met the fair processing notice requirements?	Yes - deadline met	No	
7. Do we plan to provide all NFI data on time using the secure data file upload facility properly?	Yes - detailed action plan in place	No	
8. Do we adequately consider the submission of any 'risk-based' datasets in conjunction with our auditors?	N/A - all mandatory	No	
9 Have we considered using the real-time matching (Flexible Matching Service) facility and the point of application data-matching service offered by the NFI team to enhance assurances over internal controls and improve our approach to risk management?	Yes	Data matching is part of the Counter Fraud Business Plan	Senior Counter Fraud Investigator March 2019
Effective Follow Up of Matches			

Self Assessment Checklist 2018/19

10. Do all departments involved in the NFI follow-up of matches promptly after they become available?	Yes - monitored by IA and any resource difficulties are discussed with the service and the Director of FARS	No	
11. Do we give priority to following up recommended matches, high-quality matches, those that become quickly out of date and those that could cause reputational damage if a fraud is not stopped quickly?	Yes - training is provided to staff responsible for following up matches.	No	
12. Do we recognise that the NFI is no longer predominantly about preventing and detecting benefit fraud? Have we recognised the wider scope of the NFI and are we ensuring that all types of matches are followed up?	Yes	No	
13. Are we investigating the circumstances of matches adequately before reaching a 'no issue' outcome, in particular?	Yes - outcomes monitored by IA	No	
14. In health bodies are we drawing appropriately on the help and expertise available from NHS Scotland Counter-fraud Services?	N/A	N/A	
15. Are we taking appropriate action in cases where fraud is alleged (whether disciplinary action, penalties/cautions or reporting to the Procurator Fiscal)?	Yes - outcomes monitored by IA and discussed with Director of FARS as appropriate.	No	
16. Do we avoid deploying excessive resources on match reports where early work (eg, on recommended matches) has not found any fraud or error?	Yes - training is provided to staff responsible for following up matches.	No	
17. Where the number of recommended matches is very low, are we adequately considering the related 'all matches' report before we cease our follow-up work?	Yes - training is provided to staff responsible for following up matches.	No	

Self Assessment Checklist 2018/19

18. Overall, are we deploying appropriate resources on managing the NFI exercise?	Yes - any resourcing issues are discussed with the Service and Director of FARS as appropriate.	No	
Recording and reporting			
19. Are we recording outcomes properly in the secure website and keeping it up to date?	Yes - monitored by IA	No	
20. Do staff use the online training modules in the secure website and do they consult the NFI team if they are unsure about how to record outcomes?	Yes - although a number of staff have been involved in the exercise for a number of years. All staff new to the exercise and reminded of the online training.	No	
21. If, out of preference, we record some or all outcomes outside the secure website have we made arrangements to inform the NFI team about these outcomes?	Yes	No	



To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: Director of Finance and Resources

**Heading: Audit Scotland report, 'Local Government in Scotland:
Challenges and performance 2018'**

1. Summary

- 1.1 Each year Audit Scotland prepares a report on behalf of the Accounts Commission which provides a high level, independent view on the challenges facing Councils in Scotland and how they are performing. The 2018 report was published on 5 April and is attached as Appendix 1 to this covering report.
- 1.2 Audit Scotland's report highlights the key challenges facing local authorities in Scotland in relation to issues such as the reduction in public sector budgets, increased demand on services relating to a growing ageing population, exit from the European Union, as well as the pace of public sector reform. It considers the need for comprehensive and accessible financial information and long term financial planning to help members understand the financial position of the council, support the decision-making process and enhance performance scrutiny.
- 1.3 Members will be aware that the Best Value Assurance Report on Renfrewshire Council which was published by the Accounts Commission in August 2017, provided independent assurance that the organisation performed well and was well placed to face the challenges ahead.

The scale of the Council's financial challenge is significant, as detailed in the Financial Outlook report submitted in December 2017 to the Leadership Board by the Director of Finance and Resources. As the December 2017 report notes, the Council has a strong track record of delivering transformation programmes and of achieving significant savings through for example the Better Council Change programme.

- 1.4 This report outlines the key messages and issues highlighted by Audit Scotland along with the summary position within Renfrewshire Council.
- 1.5 Audit Scotland also published a supplementary paper for elected members, to consider in conjunction with the 2018 Performance and Challenges report. The supplementary paper includes a scrutiny tool checklist for elected members, which has been designed to provide councillors with examples of questions they may wish to consider to help better understand the Council's position and to scrutinise performance. The supplementary paper for elected members is attached as Appendix 2 to this covering paper.

2. **Recommendations**

- 2.1 It is recommended that members note:
- the key messages contained in Audit Scotland's - 'Local Government in Scotland: Challenges and Performance 2018' report which is attached as Appendix 1;
 - Renfrewshire Council's position in relation to the key messages and recommendations set out in the Audit Scotland report; and
 - the content of the supplementary paper and scrutiny toolkit for elected members, attached as Appendix 2 to this report.

3. **Background**

- 3.1 In April 2018, Audit Scotland published its annual 'Local Government in Scotland: Challenges and Performance report for 2018. The report provides a high level, independent view of the challenges facing councils in Scotland, how Councils are responding to these challenges and the impact this is having on council services. It also provides a series of recommendations which it is suggested that councils should consider implementing if they are to remain sustainable.
- 3.2 The key findings within the report are summarised as follows:

- An acknowledgement that local government in Scotland continues to operate in a complex and changing environment that involves increasing levels of uncertainty. The report cites the impact of Brexit and the Scottish Government's scale and pace of public sector reform as major contributors to this uncertainty. This, against a backdrop of substantial reductions in public spending alongside increasing demand for public services presents further challenges for councils;
- Transformational change must be an essential part of the improvement agenda for councils if they are to respond to these challenges. Delivering savings is becoming increasingly critical, with funding gaps in some councils higher than current levels of reserves. Where councils have properly scoped, resourced and managed their transformational work, they are more likely to successfully deliver sustainable change. The report recommends that Councils need to have cohesive, decisive leadership which brings officers, councillors and their communities together to address the major challenges councils face;
- Changes in population and changes in the age profile of populations are having a significant impact. The report acknowledges that under current funding arrangements, some councils can expect their funding to fall further than others either because their total population is declining, or that the population profile is changing and placing more demand on key services such as social care. Councils are also implementing significant policy and legislative changes from central government, some of which increase the duties of councils; and
- The report recognises that councils have already undertaken a significant amount of work to manage the impact of continued budget reductions. The report notes that whilst some performance information suggests that Councils are maintaining or improving services, there is also evidence that budget cuts are reducing levels of satisfaction in other service areas and that quality of service may also be declining. Audit Scotland suggest that smaller services, which often provide important regulatory functions, have been most impacted by funding reductions whilst services such as education and social care are protected.

3.3

The report recommends that as councils continue to make difficult choices, they need to continue to work with communities so that they understand the impact of reduced spending on services.

4. The challenges for councils

- 4.1 The report acknowledges that the allocation of revenue funding to Councils from the Scottish Government has fallen in real terms by 9.6 per cent between 2010/11 and 2018/19. Audit Scotland indicates this reduction in funding, coupled with the local implementation of significant national policy changes, have continued to put pressure on the resources and capacity of councils. The report notes that single year settlements from the Scottish Government make it more difficult for councils to undertake longer-term financial planning which is likely to be exacerbated by reduced levels of national funding in future years. The report suggests that it is critical that councils are involving local communities and empowering them to design and deliver services which address local needs; as well as the importance of having regular discussions with communities about service priorities and what level of service the council can afford to provide in the future.
- 4.2 Audit Scotland estimates that without service redesign or policy changes councils could potentially spend 80% of their budgets on education and social care by 2025/26. Renfrewshire is one of seven council areas where the projected population increase is made up entirely of an increase in population of older people. One obvious implication of this is that there will be fewer working age people generating taxation and spend in the local economy.

5. How councils are responding to the challenges

- 5.1 In the second section of the report, Audit Scotland highlights the significant changes to workforce and budgets across councils during 2011-17 and notes that councils have generally achieved savings through reducing their workforce. Given the changes in the workforce to date and the expected new demands on councils, Audit Scotland recommends that robust workforce planning is essential to ensure councils have the right people, who have the right training and skills, to deliver their priorities.
- 5.2 The report notes that councils have also been increasingly using their reserves to mitigate their funding gap. Acknowledging that this is not a sustainable position, councils need to ensure they have a focus on medium and long-term financial planning if they are to remain financially viable.
- 5.3 Audit Scotland suggests that transformational change is increasingly important in terms of responding to budget reductions. The success of transformation programmes rely on them being properly scoped and resourced. These programmes, together with digitisation, potentially offer councils opportunities to make their services more efficient and accessible, while also delivering savings.

6. Impact on council services

- 6.1 In the third part of the Audit Scotland report, data is provided on trends in performance measures and outcomes for the last ten years across key areas such as health, education, employment, environment and community safety. Whilst in some cases, performance on a national level looks broadly positive despite declining budgets, the linkage between decreased spend and quality of key services, as well as falling levels of public satisfaction, suggests that the impact of cuts is now beginning to become more obvious and should be closely monitored.
- 6.2 One of the key sources of data that Audit Scotland uses to assess the performance of councils is the Local Government Benchmarking Framework (LGBF). The LGBF contains a suite of indicators by which the performance of each local authority can be assessed and compared with that of others. Elected members will be aware that a report outlining Renfrewshire Council's performance in relation to the Local Government Benchmarking Framework was submitted to the Audit Risk and Scrutiny Board on 19 March 2018.

7. Audit Scotland recommendations and Renfrewshire Council's position

- 7.1 The section below outlines Audit Scotland's recommendations and provides a local update on the Renfrewshire position in relation to each of these.
- 7.2 In terms of recommendations the report suggests that "councils should ensure they are continuously improving their work in key areas by:

1. Looking to the future:

- continuing to improve understanding on how the landscape within which their council operates may change, by considering its demographics, the public spending environment and policy changes;
- using this information to inform council priorities;
- developing long-term financial and scenario planning that takes these factors into account and considers the impact on all their services and their users; and
- considering how to make the most of new technology, for example streamlining processes and communicating differently with service users.

Renfrewshire position

In September 2017, Council approved the Renfrewshire Council Plan 2017-2022 and Renfrewshire's Community Plan (or Local Outcome Improvement Plan) 2017-2027. These plans were developed in tandem through an extensive consultation process which was informed by a comprehensive strategic needs assessment.

The Council is continuing to develop its analytical capacity, building on the role of the Data Analytics and Research team to support focused development work across service areas. Greater and more intelligent use of data is beginning to have an impact on the Council's work in relation to its key priorities, for example in relation to educational attainment.

The Council's strategic plans have been informed by robust financial planning processes, as recognised by Audit Scotland in the Best Value Assurance Report for Renfrewshire Council which noted that "Renfrewshire Council has effective financial planning and management arrangements in place. Budgets are clearly linked to strategic priorities".

A Financial Outlook report to the Leadership Board on 12 December 2017 outlined the Council's current and forecast financial position over the medium term. An updated medium term financial strategy will be presented over the course of 2018 along with further phases of the change and transformation programme.

The Council also is progressing an ambitious digital agenda which is improving the access to, and the provision of, services; development of the customer portal; systems to improve the efficiency of Council processes and services, increasing access to wifi and fibre broadband to communities as part of the wider digital strategy and new street lighting technology.

2. Working with communities:

- so that they are actively involved in decision making, know the effect decisions are expected to have on services and communities and see the impact of community empowerment

Renfrewshire position

The Council is committed to maximising the opportunities for both communities and the organisation itself through community empowerment legislation. A review of local area committees has been progressed which has involved an extensive programme of consultation with all key stakeholders. Work is also being progressed to consider opportunities to enhance the support the Council can offer community groups and organisations and to provide access to funding to support the growth and development of local groups and organisations.

Several new funding streams were approved as part of the Council's budget in March 2018 which will aim to support and empower communities in Renfrewshire to progress with issues such as asset transfer requests.

3. Focusing on the delivery of priority outcomes through:

- working with communities to understand their needs;
- establishing effective cross-party relationships to work together and make the sometimes difficult decisions needed to achieve the council's priorities; and
- clearly linking budgets to plans and outcomes

Renfrewshire position

In Renfrewshire Council's Best Value Assurance Report, Audit Scotland recommended that further work should be undertaken to develop cross party working. Good progress has been achieved through the establishment of the Cross Party Sounding Board which has met on three occasions since May 2017 to inform the development of the Community Plan and Council Plan, the review of local governance arrangements and the development programme for elected members.

In terms of working with communities to understand need and to identify outcomes, as noted above, a significant programme of work is underway. Following on from the approval of the Community Plan in September 2017, an outcomes and performance framework has been developed which sets out the key outcomes to be targeted and the key performance indicators which the Partnership will use to assess the impact of joint work.

Following on from the approval of the framework, work is now also underway to develop and embed the new community planning governance structure and to establish key priorities and work programmes across the key thematic areas.

A key priority within Renfrewshire's Community Plan 2017-2027 is to develop a Community Planning Partnership that is sustainable and connected. Partners regularly discuss areas of resource pressure and it is proposed that members of the Partnership use the group to address areas of particular resourcing pressure.

The Council also continues to make strong links between its improvement planning process and budgets. For several years, the Council's savings programme has not only delivered savings to meet the requirements of a balanced budget but has also enabled redirection of budgets and reinvestment in key priority areas such as tackling poverty and regeneration.

4. Establishing robust change strategies and developing realistic plans for transforming services, which incorporate:

- effective leadership and good governance arrangements;
- robust options appraisal;
- strong financial management; and
- properly scoped and resourced plans.

Renfrewshire position

As noted above, the Better Council Change Programme is a key element of supporting the delivery of sustainable budget savings which contribute to addressing the medium-term objective to reduce the Council's cost base and close the budget gap whilst supporting the release of resources to support investment in priority areas aligned to the Council's key strategic outcomes.

5. Ensuring change strategies are supported by:

- 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; and
- workforce and member support, training and development

Renfrewshire position

The Better Council Change Programme has been an important element of the Council's approach to transformation and supporting longer term financial sustainability.

In the Council's financial outlook reports, most recently presented to the Board on 30th January 2018, the need for the Council to appropriately plan to sustainably address significant anticipated budget gaps that are expected to emerge over the medium term has been highlighted by officers. In this context, the importance of the Council continuing to proactively progress the Better Council Change Programme has been reinforced as a key strategic challenge to support the delivery of sustainable changes in service delivery and associated savings.

An update on the Better Council Change Programme was reported to the Finance, Resources and Customer Service Policy Board on 28 March 2018.

The report provided members with an update on progress on the programme more generally with specific updates in relation to the Digital First programme, regulatory services and workforce planning amongst other areas of activity.

Significant progress has been achieved in terms of developing the Council's workforce planning arrangements. The Council's Workforce Plan was approved by Finance, Resources and Customer Service Policy Board in November 2017, with service level workforce plans being prepared by all Council services. The Council has enhanced its training and development activities for employees, launching managerial and leadership development programmes and refreshing the training programme which all staff can access.

A comprehensive review of the Council's member development programme has been undertaken, in consultation with elected members. Feedback gathered through the process has informed changes to the existing annual programme to include more evening events and external speakers. A focused week of development activity also took place w/c 16th April, with the programme being structured around the key areas suggested by elected members. A review of the impact of the development week is underway.

6. Evaluating and reporting:

- the impact that significant budget reductions, savings, workforce changes and service redesign are expected to have and have had on service delivery and quality and;
- using the data collected and monitored to report publicly on the quality of services, as well as user satisfaction with those services.

Renfrewshire position

The Best Value and Assurance report published by Audit Scotland in August 2017 commended Renfrewshire Council for its evidence of improving performance given the complex and challenging local government climate. It highlighted that the Council has effective financial plans and a record of sound management, and encouraged the continuation of the positive work undertaken. The Council also undertakes benchmarking activity through the Local Government Benchmarking Framework which highlighted that the majority of our performance indicators have improved or remained the same since last year.

As noted in Section 6.2 above, the Council's performance in terms of the Local Government Benchmarking Framework was reported to the Audit Risk and Scrutiny Board on 18 March 2018. Of the 64 indicators for which data was available at that point:

- 39 indicators had improved since last year;
- 20 indicators had declined in performance; and
- 5 indicators had remained relatively unchanged;

Overall it was reported that the Council is in the top quartile for sixteen indicators and in the bottom quartile for ten.

8. Conclusion

- 8.1 The Audit Scotland report's recommendations articulate well with the transformation programme of Renfrewshire Council, with many of the recommendations in the report already in progress, particularly our approach to longer term financial planning and our Better Council change programme. In addition, recent developments including the implementation of the recommendations from our Best Value Report; the elected member development programme; the establishment of a cross party sounding board; our commitment to community empowerment; digital expansion and workforce development should provide assurance that the Council is very well aware of the challenges ahead.

Implications of the Report

1. **Financial** – The report outlines the financial pressures facing Scottish local authorities over the medium term, the progress of the Council in addressing these and requirement to continue with transformation programme.
2. **HR & Organisational Development** – The report highlights the importance of workforce development in terms of ensuring the right people with the right skills are in place to deliver the Council's priorities.
3. **Community/Council Planning** – The report highlights the importance of focusing on priority outcomes and working with local communities to deliver on these.
4. **Legal** – None
5. **Property/Assets** – None
6. **Information Technology** – The report highlights the opportunities presented by the digital agenda to facilitate savings and improve the customer experience.

7. **Equality & Human Rights**

- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – none.

9. **Procurement** – none.

10. **Risk** – Audit Scotland's report outlines the risks if Scottish councils do not adapt and change the way in which they work to deliver services to address future financial challenges.

11. **Privacy Impact** – none.

12. **Cosla Policy Position** – none.

List of Background Papers

- (a) Appendix 1 – Audit Scotland, 'Local government in Scotland – Challenges and performance 2018'
- (b) Appendix 2 – Supplement for elected members

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Local government in Scotland

Challenges and performance 2018



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
April 2018


The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

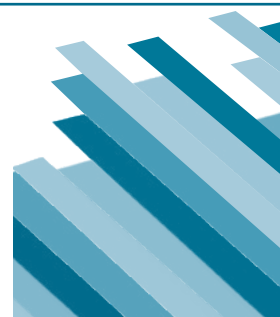
Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website: www.audit-scotland.gov.uk/about-us/accounts-commission 

Audit Scotland is a statutory body set up in April 2000 under the Public Finance and Accountability (Scotland) Act 2000. We help the Auditor General for Scotland and the Accounts Commission check that organisations spending public money use it properly, efficiently and effectively.

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Links



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Web link



Exhibit data

When viewing this report online, you can access background data by clicking on the graph icon. The data file will open in a new window.

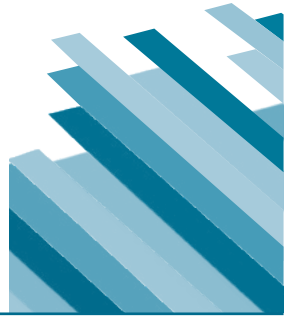
Audit team


The core audit team consisted of: Carol Calder, Sally Thompson, Claire Richards, Ashleigh Madjitey and Ruth Azzam, with support from other colleagues and under the direction of Ronnie Nicol.



These question mark icons appear throughout this report and represent questions for councillors.

Chair's introduction



This year's local government overview report, *Local government in Scotland: Challenges and performance 2018*, complements the Commission's [Local government in Scotland: Financial overview 2016/17](#)  published in November 2017. This overview focuses on the wider challenges and issues facing councils as well as their performance and the impact of reduced financial resources.

Councils continue to face challenges on a number of fronts, not least the challenge of continuing to deliver a wide range of services to local communities with reducing budgets. Councils have done much to reduce spend and at the same time continue to deliver services for their local communities. Transformational change is increasingly important to councils as they seek to improve local outcomes with less money. Implementing successful transformation is not easy and audit work shows progress across the 32 councils is mixed. The scale of the challenge means the pace of change needs to improve in some councils. Successful transformation requires robust planning, clear and coherent leadership and suitably skilled staff. Some councils may need to invest in the short term to save in the long term.

Another challenge is the changing landscape in which councils operate. These changes introduce significant uncertainty as well as increasing complexity. For example, the UK's decision to leave the European Union could have a significant impact on Scotland's councils, but the detail of this is not known. Both Scottish Government's review of education and of local governance could have a significant impact on the role councils play, but again the details are not yet evident. Similarly, the creation of economic partnerships could impact on each council's role in the important area of economic regeneration and growth.

The Accounts Commission recognises the difficulties such uncertainty and pressure bring to councils and the added challenge these represent for medium and long-term planning. However, these same uncertainties mean that planning has never been more important. Robust plans that project how council outcomes and priorities will be delivered and funded within reducing budgets are essential to ensure the sustainability of services for the public.

Last year was the first full operational year for Integration Joint Boards. This represented a major shift for local government and it is clear that councils, and their IJB partners, have a significant task in providing social care and support for those in need.

The impact of increasing social care demands from an ageing population on council budgets is clear and means a higher proportion of council money being spent on social care services. This has reduced the amount councils have to spend on other areas and going forward, this has the potential to cause tensions between local and national priorities and risk the viability of some services.

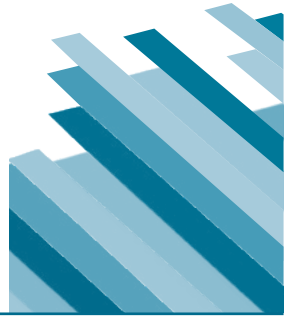
Good work is being done across local government, and there is much councils can learn and share with each other. Looking ahead, councillors and senior management, working closely with their communities, will continue to be faced with difficult decisions on where limited resources should be allocated. It is now more important than ever that these decisions are taken in a planned and coordinated way, and that the impact of decisions on communities and outcomes is transparent and understood.

I hope you find this overview useful, and would welcome any feedback you may have.

Graham Sharp

Chair of the Accounts Commission

Summary



Key messages

- 1** Local government in Scotland continues to operate in a complex and changing environment that involves increasing levels of uncertainty. While details of the terms for the UK's withdrawal from the European Union are not yet clear, there will likely be significant and profound implications for our 32 councils. Meanwhile, the Scottish Government remains committed to a significant pace of public sector reform, with some major changes for local government at key stages of implementation. These events are taking place in the overall context of substantial reductions in public spending alongside increasing demand for many local public services.
- 2** Developing new ways of working – or transformational change – is now an essential part of the agenda for councils as they respond to these challenges. Delivering savings is becoming increasingly critical, with forecast funding gaps higher than current levels of reserves for some councils. Where councils have properly scoped, resourced and managed their transformational work, they are more likely to successfully deliver sustainable service change. Cohesive, decisive leadership is required that brings officers, councillors and their communities together to address the major challenges councils face.
- 3** Councils are engaging with the increasingly difficult task of managing the competing priorities of reducing costs and maintaining services for an ageing population. Under current arrangements, some councils can expect to see government funding fall further than others as their total population declines while their older population grows and demand for key services, such as social care, increases. Councils are also implementing significant policy and legislative changes, some of which increase expectations on, or the duties of, councils and many will have additional resource implications. The detail of what these changes will mean is not yet clear in some cases.
- 4** Councils have done a considerable amount to manage the impact of continued budget reductions, and national indicators suggest they have maintained or improved performance in a number of areas. However, there is also evidence that budget cuts are having an impact on services, and customer satisfaction levels have fallen. Some services are not keeping up with demand and there is a risk that quality is being affected. Smaller services, which often include important regulatory functions, have borne the brunt of funding reductions although the impact of this on these services is not always made

clear. In making difficult choices, councils need to continue to work with communities to understand the impact of reduced spending on services and communities and to clearly report this to the public.

Recommendations



While councils have done much to reduce spend, deliver services differently and work with their communities, financial and population pressures are likely to continue. Effective leadership and robust planning is more important than ever to ensure council services remain sustainable.

Councils should ensure they are continuously improving their work in key areas by:

- looking to the future:
 - continuing to improve understanding on how the landscape within which their council operates may change, by considering its demographics, the public spending environment and policy changes
 - using this information to inform council priorities
 - developing long-term financial and scenario planning that takes these factors into account and considers the impact on all their services and their users
 - considering how to make the most of new technology, for example streamlining processes and communicating differently with service users
- working with communities - so that they are actively involved in decision-making, know the effect decisions are expected to have on services and communities and see the impact of community empowerment
- focusing on the delivery of priority outcomes through:
 - working with communities to understand their needs
 - establishing effective cross-party relationships to work together and make the sometimes difficult decisions needed to achieve the council's priorities
 - clearly linking budgets to plans and outcomes
- establishing robust change strategies and developing realistic plans for transforming services, which incorporate:
 - effective leadership and good governance arrangements
 - robust options appraisal
 - strong financial management
 - properly scoped and resourced plans

- ensuring change strategies are supported by:
 - 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
 - evaluating and reporting:
 - the impact that significant budget reductions, savings, workforce changes and service redesign are expected to have and have had on service delivery and quality
 - using the data collected and monitored to report publicly on the quality of services, as well as user satisfaction with those services.
-

About this report

1. This report provides a high level, independent view of the challenges facing councils in Scotland, how councils are responding to these challenges and how service performance has been affected. It draws on findings from [*Local Government in Scotland: Financial Overview 2016/17*](#) , local government audit work in 2017 (including annual audits, Best Value Assurance reports and national performance audits) and published performance data. All national and individual council audit reports are available on our [website](#) .


2. The report is not intended to be a comprehensive review of all issues facing councils. It highlights key challenges councils face and looks at some of the main ways councils are responding to increasing demand and reduced funding. Where specific examples of council activities or circumstances are referenced, the implication is not that the named councils are the only ones engaging in these activities or experiencing these circumstances. The report is intended to inform the public and its representatives and, in particular, local government councillors and senior council officers to support them in their complex and demanding roles. It covers three areas:

- [Part 1](#), the current and future challenges facing councils.
- [Part 2](#), how councils are responding to these challenges.
- [Part 3](#), the impact on performance in key service areas and public satisfaction.

3. The 2017 local government elections resulted in many new councillors and changes to the political make-up of councils. To help councillors, we have produced the following supplements to accompany this report.

- A scrutiny tool for councillors – this has example questions that councillors could ask to help them understand their council's position, scrutinise performance and assist in making difficult decisions. Councillors should feel

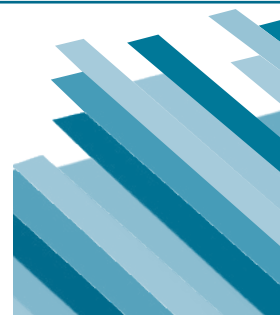
they fully understand, and are satisfied with, the answers to the questions that are most relevant to them in their role within the council.

- [An interactive online tool](#)  which contains performance information for individual councils. It is designed to allow councillors, officers and members of the public to better understand how their council is performing compared to others.

4. Where possible we have used financial information from Scottish Local Government Statistics as these provide a breakdown of spending by service. Where this has not been possible we have used figures from councils' annual accounts. We refer to real-term changes in the report, meaning that financial figures are adjusted for inflation. Our analysis of local government funding adjusts figures into 2018/19 prices to reflect the current year. Where the report focuses on council performance in 2016/17, figures have been adjusted to 2016/17 prices.

Part 1

The challenges for councils



Key messages

- 1** Councils are operating in a complex, changing and increasingly uncertain environment. The sector faces potentially significant change from the UK's decision to leave the European Union. The review of local governance announced by the Scottish Government and COSLA aims to give people more say in local decision-making, and may have a significant impact on councils.
- 2** Council revenue funding from the Scottish Government has fallen in real terms by 9.6 per cent between 2010/11 and 2018/19. This has presented councils with a major challenge in delivering services and making savings. However, some national policies, and ongoing spending commitments such as pension and debt costs, mean there are limitations on where councils can make savings. Smaller service areas, which often include important regulatory functions, have seen the biggest budget reductions, while education and social care services take up a growing proportion of council spend.
- 3** Scotland's population is getting older, leading to increased demand for social care services and fewer working age people to fund public services. Population change brings different challenges to different councils and also has financial implications. Under current arrangements, some councils can expect to see Scottish Government funding fall further than others as their total population declines, while their older population grows and demand for services increases.
- 4** New legislation involves councils developing fresh approaches to community empowerment. There are some examples of good work taking place, including new ways in which councils consult with, listen to and work with local people and communities. However, they are still at the early stages of realising the ambitions of the Community Empowerment Act and there are signs that these approaches do not reach everyone. In 2016, only 23 per cent of adults agreed that they can influence decisions affecting their local area.¹

Councils are operating in an increasingly complex and uncertain landscape

- 5.** Councils provide a wide range of important services for local residents and communities. Increasingly councils are working in partnership with other public, private and third sector organisations as they work to find the best way to deliver services in the future.



6. In recent years, the role of Scotland's councils and the services they provide have been subject to significant legislative and national policy changes from UK and Scottish governments. Some changes increase expectations on or duties of councils. Some change councils' role. Some have significant financial implications, while the implications of others are not clear. All of this means additional work for councils to understand these changes and manage and implement them accordingly [Exhibit 1](#)

Have you considered how policy and legislative change will affect how your council operates?

Exhibit 1

Implications for councils of key UK and Scottish legislative and policy changes

Legislative and policy changes often lack clarity or detail but can require substantial change.



Increased expectation



Change the role of council



Lack of clarity



Financial implications

Implication	Changes			
Withdrawal from the European Union Impact of UK's decision to leave the European Union (EU) is unknown but could be significant for councils in terms of funding (Scotland has been allocated € 940 million in funding from the EU for 2014 to 2020) and workforce (19,000 EU nationals are employed in education, health and public administration). ^{1,2}			✓	✓
City region deals and growth deals In its 2017/18 programme, the Scottish Government committed over £1 billion over the next ten to 20 years to five city region deals (Aberdeen, Edinburgh and the South East, Inverness, Glasgow, Stirling and Tay Cities). ³ The UK Government and councils are also contributing significantly to the deals. City deals will require strong partnership working between councils and a wide range of public and private partners. Councils will need to determine roles and responsibilities, accountability and performance reporting. We will report on city deals in 2019/20.	✓	✓	✓	✓
Integration of health and social care All integration joint boards (IJBs) were operational in 2016/17. IJBs are responsible for commissioning health and social care services, so councils are no longer wholly responsible for social care services. Arrangements for financial planning, budget monitoring, risk and performance management vary and continue to evolve. We will audit the effectiveness of health and social care integration in 2018.	✓	✓	✓	
Education reform The Scottish Government aims to create a school and teacher led education system, where decisions and funding will be at school level and Regional Improvement Collaboratives (RICs) will provide support to schools. Under proposals, councils would retain their duty to improve the quality of school education but would do this through the RICs rather than directly. It is not clear yet how this would affect councils' roles in education or their ability to scrutinise performance. The financial implications of these proposals for councils are also unclear. The Scottish Government has also consulted on the funding model for school education.		✓	✓	✓

Cont.

Exhibit 1 (continued)



Increased expectation



Change the role of council



Lack of clarity



Financial implications

Implication	Changes			
Barclay review of non domestic rates (NDR) In 2017/18, NDR made up 28 per cent of revenue funding from Scottish Government to councils. In August 2017, the Barclay review published 30 recommendations on NDR to better support business growth and long-term investment, and to better reflect changing marketplaces. The Scottish Government accepted most of the recommendations. There are expectations that implementing these could cost an additional £80 million a year. It is not yet clear who is responsible for these costs. ⁴			✓	✓
Enterprise and skills review The Scottish Government's review of the enterprise and skills system in 2016 recommended the creation of regional economic partnerships be led by councils. The implementation of this is still at an early stage but changes will impact on councils' work to support local businesses and business gateways.	✓	✓	✓	
Early Learning and Childcare The Scottish Government is committed to extending free childcare for all three- and four-year-old children and some two-year-olds from 600 hours to 1,140 hours by 2020. Councils had to produce plans for the expansion by September 2017 without knowing the full details about funding or how the scheme will work. Our report Early learning and childcare found that there are significant risks that councils will not be able to deliver the additional hours by 2020. ⁵	✓		✓	✓
Community Empowerment Act See paragraphs 8 to 13 below	✓	✓		
Named Person provision Under current Scottish Government plans every child in Scotland would have a named person responsible for helping them get the support they need. In many cases, these will be teachers. However, there are delays to the scrutiny of the Bill introducing the named person provision after the Supreme Court ruling against the scheme in July 2016.	✓	✓	✓	✓
Local Governance review The Scottish Government aims to strengthen local decision-making and democratic governance in ways that improve outcomes for local communities and give greater control to those who live and work in the area. The Scottish Government and COSLA launched a review in December 2017 to consider how decisions are made about Scotland's public services with the aim of devolving more power to communities. The review's findings will contribute to a Local Democracy Bill which will be introduced before the end of the Parliament in 2021.		✓	✓	
Cont.				

Exhibit 1 (continued)



Increased expectation



Change the role of council



Lack of clarity



Financial implications

Implication	Changes			
Islands Bill <p>The Islands (Scotland) Bill was introduced to the Scottish Parliament in June 2017. It contains a number of measures to ensure a sustained focus on the needs of Scotland's island communities.</p> <p>Once in place, the Islands Bill will require public bodies to prepare an Island Impact Assessment when introducing new or revised policy, strategies or services that may impact island communities differently to other communities. This will require councils to identify the direct and indirect consequences and adjust their proposals accordingly. They will also be required to report every year on the impact of island proofing on their functions.</p>	✓	✓		
Scottish Crown Estate Bill <p>Crown Estate assets include most of the seabed, 590 square kilometres of foreshore, rural land, commercial property and the rights to wild salmon fishing and naturally occurring gold and silver.</p> <p>The Scottish Crown Estate Bill allows public bodies, including councils and community organisations, to manage the Crown Estate in Scotland. The Crown Estate will remain property of the Queen and any revenue will be paid to the Scottish Government.</p> <p>This would be an additional role for councils to manage which is likely to have financial and staffing implications.</p>	✓	✓		✓

Notes:

1. European funding in Scotland 2014-20, Scottish Parliament Information Centre, November 2016.
2. EU nationals living in Scotland, Scottish Parliament Information Centre, November 2016.
3. A Nation With Ambition: The Governments Programme for Scotland 2017/18.
4. Debate in Scottish Parliament, 12 September 2017.
5. [Early learning and childcare](#) , Audit Scotland, February 2018.

Source: Audit Scotland

Councils and their partners are developing fresh approaches to empowering local communities and actively involving them in making decisions

7. Councils are now required to fulfil the expectations of the Community Empowerment Act (Scotland) 2015. This seeks to ensure communities are actively involved in deciding how public services are planned and provided and seeks to empower community bodies through transferring ownership of land and buildings. It intends to enhance outcomes for communities by improving the process of community planning, involving communities at all stages and ensuring that local service providers work with communities to meet the needs of the people using the services.

8. Community empowerment is a complex area and will require new ways of thinking about what constitutes good and effective community empowerment and how to work most effectively with the range and diversity of local communities. Underpinning



How are you involving local communities and empowering them to design and deliver services that suit local need?

the Act is the intention to reduce inequalities. The Act could have staffing and funding implications as councils seek to work more closely with disadvantaged harder-to-reach groups or could provide savings where communities take over council services. Public sector partners will benefit from working together and sharing their learning experiences across sectors and organisations where possible.

9. All Community Planning Partnerships (CPPs) published a Local Outcome Improvement Plan (LOIP) for the first time in October 2017 setting out their local priorities. It will be important for CPPs to use a robust evidence base to target those groups of people in greatest need and reduce inequalities. Clackmannanshire Council and its partners worked closely with communities in developing the new LOIP. This includes a more focused set of priorities for specific geographic areas and particular groups of people such as children and women and these will provide a clear basis for prioritising resources in the future.² It is too early to assess the full impact of LOIPs. The Improvement Service will publish an overview of LOIPs in 2018, summarising the LOIPs and identifying good practice.

10. Best Value Assurance reports (BVARs) show that councils are committed to community empowerment and there are some examples of good work taking place. However, they are still at the early stages of realising the ambitions of the Act. Councils will need to continue to develop their approaches to community empowerment and there is some evidence that there is room for improvement. For example, in 2016 only 23 per cent of adults agreed that they could influence decisions affecting their local area; this figure has remained relatively static since 2009.³

11. Councils continue to use mainly traditional approaches of community engagement to find out local people's views, for example citizen's panels and periodic consultations on specific issues. However, there is also evidence that councils are starting to engage differently with their communities. Orkney Islands Council is providing a closer link with remote communities through its Empowering Communities project. The council funds two pilot 'Island Link Officers' on the islands of Papa Westray and Stronsay and has established a 'community office' on each island. This gives communities more influence on policies, decisions and services that affect them and also enables services to be more efficient and responsive to local issues and needs.

12. In addition to the Act, the Scottish Government and COSLA announced that by 2022 communities would decide how at least one per cent of local government budgets (around £100 million) will be spent. Councils are already adopting a range of approaches. For example, East Renfrewshire Council has set aside a £600,000 repair fund for residential roads. Community participants have ranked their top two preferences for which roads should be repaired first. Glasgow's Participatory Budgeting Evaluation Group, PB Consulting and What Works Scotland have produced a range of participatory budgeting guides and an evaluation toolkit to help councils.

The 2017 local government elections resulted in significant changes for councils

13. The 2017 elections resulted in significant changes for councils:

- A large number of councillors elected were new to the role. In some councils, for example City of Edinburgh Council, more than half of councillors were new.
- Three-quarters of councils are now run by different political groupings.



Does your council have regular discussions with communities about service priorities and what level of service the council can afford to provide in the future? What is your role as a councillor in this?

- There is no single majority political party in charge in any council - 16 councils are run by coalitions and 13 are minority administrations. The three island councils have a majority of independent councillors.
- For the first time since 1997, three political parties each have over 20 per cent of the vote.

14. These changes can bring additional pressures affecting how a council operates, during the transition period from one administration to another, or as political arrangements are established and bed in. Indeed, the administrations established in both Clackmannanshire and East Dunbartonshire Councils following the elections resigned during 2017. Having no single majority party in a council will often require more complex negotiations in the decision-making process to ensure sufficient support across all councillors. Whatever the result of democratic elections, councillors must continue to work together with senior management to address their corporate responsibilities in running a complex organisation that faces significant challenges in service delivery.

15. One of the Accounts Commission's strategic priorities relates to councillors having the right knowledge and skills to scrutinise council performance and decision making. This is particularly important for councils with a large number of new councillors with no experience of the role. Our BVARs show that councils were generally providing significant amounts of training for councillors. However, it is essential that councillors attend the training offered to gain the benefits intended, and there is evidence that attendance at training sessions is poor in a few areas.

16. It is important for a healthy democracy that councils represent and reflect the make-up of their communities in terms of gender, ethnicity and other socio-demographic characteristics. Yet, only 30.5 per cent of councillors elected in May 2017 were female and Comhairle nan Eilean Siar had no female councillors.⁴ Female representation at council level is below that at the Scottish Parliament (36 per cent) and UK Parliament (32 per cent). National data is not available on ethnicity and other socio-demographic characteristics of councillors. However, councils should explore how representative their elected bodies are and what, if anything, they can do to improve this.

Scottish Government funding has fallen in real terms in recent years and it is more difficult to make savings in some areas

17. Scottish Government funding is the largest source of income for councils. Revenue funding, that is funding for day-to-day services, from the Scottish Government increased by 0.2 per cent in real terms from £9,793 million in 2017/18 to £9,814 million in 2018/19. Between 2010/11 and 2018/19, revenue funding has fallen by 9.6 per cent in real terms.⁵

18. The reductions in funding from the Scottish Government present councils with a major challenge to continue to make savings and deliver services at current levels. However, there are limitations in where and how councils can make savings. For example, councils must make repayments on their borrowing and meet employee pension costs each year.

19. Councils and IJBs also deliver key Scottish Government policies and priorities, such as in education and free personal care for older people. Councils must spend some of the money they receive delivering these priorities. For example, the Scottish Government provided £51 million in 2017/18 to councils, on the basis



Do you know what training is available to help you fulfil your duties?


Does the training meet your needs? If not, do you know who to speak to?

that it would be spent on helping to maintain teacher-pupil ratios. The amount of money not for specific purposes has fallen at a faster rate than total revenue funding (10.5 per cent compared to 9.6 per cent since 2010/11). This could cause tensions for councils in delivering local and national priorities.

20. At the same time councils face increasing spending obligations through UK and Scottish Government policy priorities for which they do not always receive additional funding. In addition to those set out in [Exhibit 1 \(pages 11 to 13\)](#), there are a number of additional cost pressures:

- The end to the public sector pay cap - a one per cent increase to council staff wages would cost around £70 million a year.⁶
- The apprenticeship levy - requires a 0.5 per cent levy on organisations with wage bills above £3 million. This affects all councils and the trade union Unison estimates it could cost an additional £25 million a year.⁷
- Equal pay claims - 27 councils had 27,000 outstanding equal pay claims in September 2016. The cost to councils in settling these is unknown but could be significant.⁸
- Any future increases in national insurance contributions.

Smaller services have borne brunt of service cuts

21. In 2017/18, councils allocated 76 per cent of their budgets to education and social care services. Although it is possible to make efficiencies in these areas, national policies, specific funding and demand for services mean it is more difficult to do so. As we reported in the [Financial overview 2016/17](#) , the pattern has been one of larger reductions to relatively smaller service areas in recent years, although these often include important regulatory functions. Over the last five years, planning and development services have seen a 20 per cent reduction in spending and culture services 11 per cent compared with no change in real terms to social care and education spending.⁹

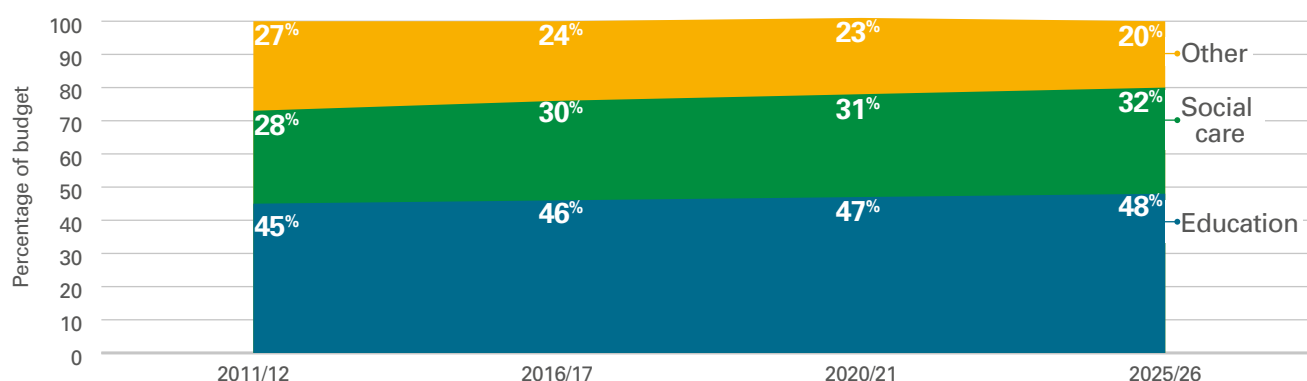
22. At an individual council level, North Ayrshire Council reports that it has made savings of 25 per cent to its base budget over the last eight years. This affected different services in different ways. The council has delivered savings of 16 per cent in education, 20 per cent in social care services and 50 per cent in economy and communities over this period.¹⁰

23. If current trends for spending on education and social care services continue, councils will have significantly less to spend on other services in future years. We have forecast councils' future spending patterns. For this, we assumed local government funding increases in cash terms in line with recent years (2012/13 to 2015/16); an increase in social care spend in line with the increased demand due to a higher number of people of a pensionable age in the population; an increase in education spend in line with recent years; and no service redesign or policy changes. This modelling shows that councils would spend 80 per cent of budgets on education and social care by 2025/26. This would leave only 20 per cent of budgets for all other council services such as road repairs, refuse collection and environmental health in 2025/26, seven per cent less than in 2011/12. planning and leisure and culture services [Exhibit 2 \(page 17\)](#).

Exhibit 2

Forecast of council spending patterns

Without service redesign or policy changes our modelling suggests that councils could spend 80 per cent of their budgets on education and social care by 2025/26.



Note: Calculations are based on cash terms.

Source: [Scottish Local Government Finance Statistics 2016/17](#)  Audit Scotland, November 2016



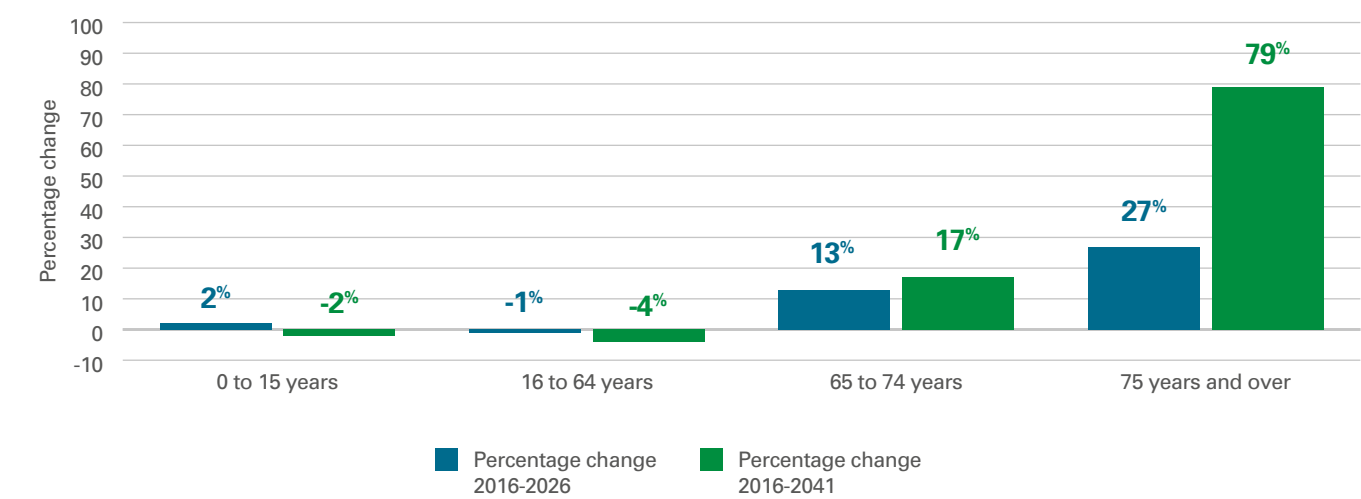
Population change affects demand for services and council funding

24. Scotland's population is predicted to grow by three per cent between 2016 and 2026 and five per cent between 2016 and 2041. This growth is entirely from inward migration as deaths will outnumber births in each year. The UK's decision to leave the European Union may have an impact on inward migration which could affect the predictions, particularly for the number of working age people.¹¹ Scotland's population is ageing. Over the next ten years the number of people aged 75 and over is predicted to increase by 27 per cent and by 79 per cent within the next 25 years [Exhibit 3 \(page 18\)](#).

25. Predicted population change has significant implications:

- The sharp increase in the rise of older people is expected to lead to increased demand for social care services. The majority of over-65s in Scotland have two or more long-term conditions such as diabetes or heart disease and the majority of over-75s have three or more long-term conditions.¹² The Scottish Affairs Committee at Westminster concluded this will significantly increase demand for social care services.¹³
- There will be fewer working age people compared to people of pensionable age and school children. Working age people generate more money for public spending through taxation, while older people and children generally use more public services such as social care and education. In 2016, there were 574 people of pensionable age and school children for every 1,000 working age people. This is known as the dependency ratio. This is expected to increase to 640 people of pensionable age and children for every 1,000 people of working age by 2041.¹⁴ The Scottish Affairs Committee also concluded that demand for funding for services for an ageing population will grow quicker than generated income due to slower growth of the working age population.

Exhibit 3
Scotland's population projections, 2016-2026 and 2016-2041
Scotland's population is predicted to age significantly.



Source: National Records for Scotland, 2016 population projections



Population change brings different challenges for different councils

26. Predicted population change is not uniform across councils, meaning different councils face different challenges [Exhibit 4 \(page 19\)](#). Between 2014 and 2039, the population is expected to increase in 21 councils and decrease in 11. Midlothian Council is expected to see the biggest increase (26 per cent) and Comhairle nan Eilean Siar the biggest decrease (14 per cent).

27. The one constant trend across all Scottish councils is that the number of people of a pensionable age and over is expected to increase. This varies from a 48 per cent increase in West Lothian Council to an eight per cent increase in Dundee City Council. This will have differing impacts on demand for social care services.

28. In seven councils (Renfrewshire, Orkney Islands, Scottish Borders, Highland, Angus, South Lanarkshire, Moray) projected population increase is made up entirely of elderly population growth. For example in the Moray Council, the population is expected to grow by four per cent but the working age population and child population to fall by three per cent and eight per cent respectively. The population of a pensionable age and over will grow by 33 per cent over the same period.

29. There is significant variation in the predicted change in the population of children (defined as aged 0-15):

- Twenty councils are expected to see a decrease. These range from a 28 per cent reduction in Comhairle nan Eilean Siar to 0.1 per cent in Scottish Borders Council.
- Twelve councils are expected to see an increase. These range from 25 per cent in Midlothian Council to two per cent in Fife Council ([Exhibit 4](#)).

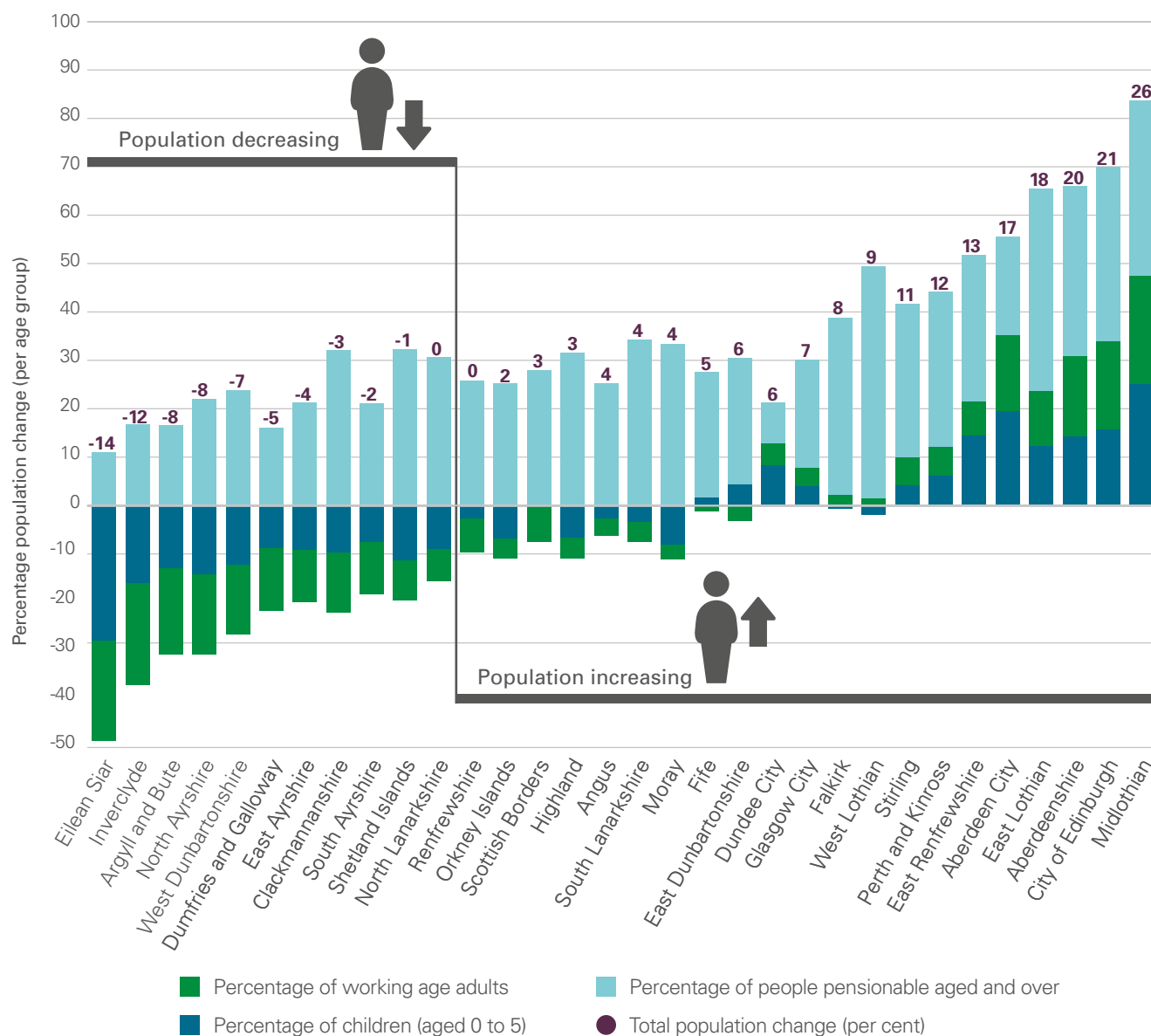


Have you considered the demographics of your council and how this will impact on service delivery and funding in the future?

Exhibit 4

Councils face different challenges relating to population change, 2014 to 2039

Eleven councils face predicted population decline by 2039.



Source: National Records for Scotland, 2014 population projections; and Audit Scotland



30. Changes to the number of children will pose different challenges for councils as they continue to deliver education services. Some may have to build new schools and recruit additional teachers while others will have to manage their school property estate and teacher-pupil ratios as their school population shrinks. This will be particularly challenging for Comhairle nan Eilean Siar and other island and rural councils.

Population change also has financial implications for councils

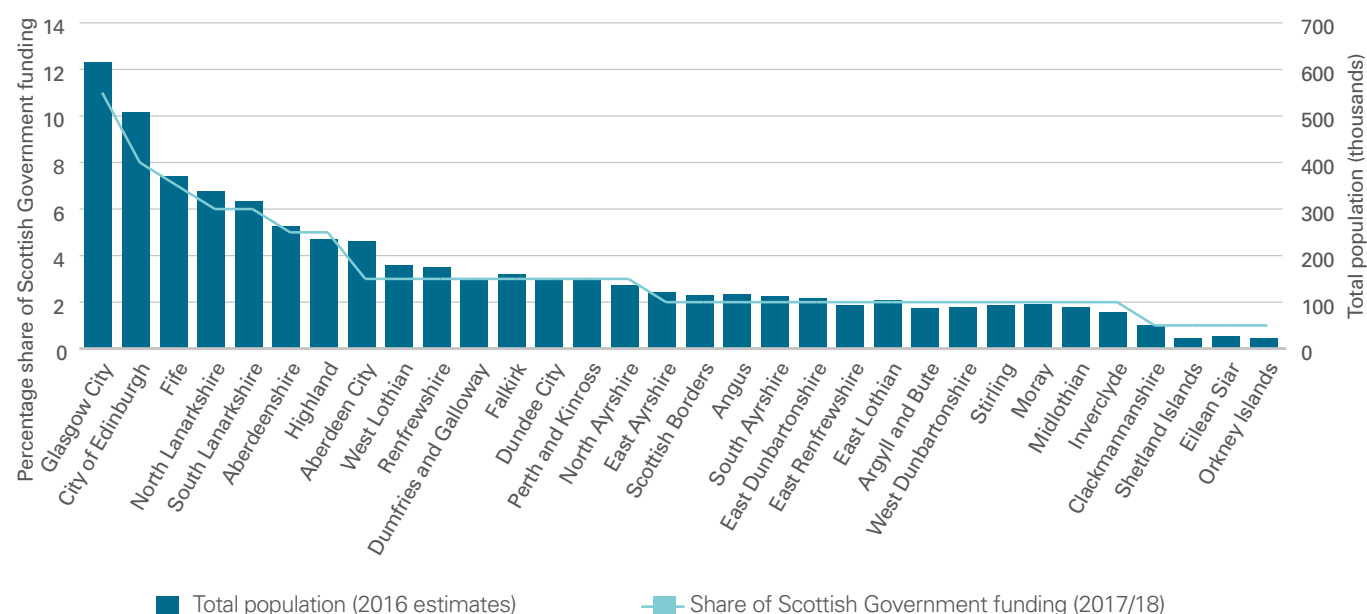
31. The implications for councils with a decreasing population include: fewer people to pay council tax, a lack of local workforce which may make the area less attractive to businesses, and low population figures making some local services harder to sustain.

32. In our 2017 local government financial overview report, we outlined how the Scottish Government funding formula is largely based on the size of council's populations, although under proposals to review funding for education, this may change ([Exhibit 5](#)). Currently, those councils with a projected decrease in population can expect to see greater reductions to their budgets compared to councils with increasing populations.

Exhibit 5

Total population and share of key element of Scottish Government funding

The amount of funding councils receive from the Scottish Government is closely linked to their population.



Note: Scottish Government funding is Grant Aided Expenditure and Special Island Needs Allowance.

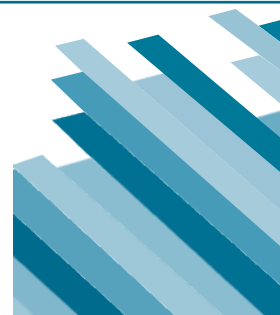
Sources: Audit Scotland; the Scottish Government - the green books



33. However, all 11 councils which are expected to have reduced total populations are expected to have increases in the number of people of a pensionable age and over ([Exhibit 4](#)). These councils will therefore have a higher dependency ratio and a consequent increased demand for services at a time of reduced funding. Many of these councils are also rural which poses an additional challenge in delivering services as cost effectively as urban councils. We recommended in our 2016/17 local government financial overview that the Scottish Government and COSLA should assure themselves that the funding formula remains fit for purpose in a changing landscape for local government.

Part 2

Councils' response to the challenges



Key messages

- 1** Councils are increasingly using their reserves. Some councils have higher forecast funding gaps than their current levels of reserves. For these councils, the delivery of savings is critical. Long-term financial planning is not easy but is vital in helping councils deliver sustainable services.
- 2** Reducing staff numbers has been one of the main ways councils have reduced their spending and, in some councils, this is set to continue. Given the changes in workforce to date and the expected new demands on councils, robust workforce planning is essential to ensure councils have the right people, who have the right training and skills, to deliver their priorities. However, not all councils have organisation-wide workforce plans and the quality of these varies.
- 3** Achieving transformational change is increasingly vital to councils as they respond to reductions in funding. Councils need to ensure they have effectively planned and invested to deliver their transformational programmes and that staff have the necessary skills. Cohesive and decisive leadership is essential to address the significant challenges councils face.

Councils are increasingly using their reserves and for some delivering savings is now critical

34. All councils hold reserves. These are funds that councils can spend if they need to meet an unexpected cost, bridge a gap in funding or if they wish to invest in some initiative or specific activity. A council can only use reserves once, they are not a way to sustain services year on year. As we reported in our financial overview, 19 councils drew on their revenue reserves in 2016/17, an increase from the eight councils that did so in 2015/16. In 2016/17, 13 councils used more reserves than they had planned. Overall council revenue reserves fell by about £32 million in 2016/17.¹⁵

35. Some council financial plans for 2017/18 relied more heavily than others on using reserves to bridge funding gaps. Forecast funding gaps remain higher than current levels of reserves for a number of councils, making the delivery of savings critical. Continuing to use reserves at the current rate is not an option for some councils as they would run out of reserves within two to three years if they continued to use them at the level planned for 2017/18.¹⁶

36. Robust medium-term financial strategies and savings plans are vital for the financial sustainability of councils. For councils with lower levels of reserves, financial plans need to be increasingly detailed and robust. This will mean more work for officers and members in clearly identifying achievable savings.

37. Evidence from councils' annual audit reports generally demonstrates good medium-term (three to five years) financial planning, with some councils using scenario planning to provide a range of options. However, more work needs to be done to link budgets to plans and outcomes, establish sustainable long-term (beyond five years) planning arrangements and demonstrate that outcomes and strategic priorities are being delivered.

38. The Accounts Commission recognises the challenge to medium-and long-term planning of the Scottish Government providing funding figures for a single year, without indicative figures for future years. However, the absence of indicative funding for future years should not prevent councils projecting future income and spending, and planning accordingly. Indeed, uncertainty increases the need for councils to plan ahead.

Councils have adopted a range of approaches to reduce spending and increase income

39. For most councils, achieving savings while continuing to deliver services requires a mixed approach. This includes reducing workforces and services, taking measures to increase income, and digitising services; along with more transformational changes to service delivery or stopping some services altogether. In practice, these different approaches are interdependent. Councils need effective leadership and governance, strong financial management, and a workforce with the right skills to successfully deliver change.

Reducing workforce size has been one of the main ways councils have reduced their spending but workforce planning is poor in some councils

40. Most councils have reduced their workforce in recent years.¹⁷ Overall, staff numbers have fallen every year since 2009. Nationally, the biggest reductions in staff numbers were in the years 2009 to 2012, when the total council workforce fell by 21,000 (nine per cent).¹⁸ Since then, overall staff numbers have continued to decrease at a relatively steady rate. Between 2012 and 2017, councils' total workforce fell by a further five per cent (10,000 staff); including a one per cent (2,500 staff) drop from 2016 to 2017.¹⁹

41. Our analysis by council over the period 2011–2017 suggests that some councils have relied more heavily than others on staff reductions to make savings ([Exhibit 6, page 23](#)). However, because we are unable to track staff moving to arm's-length external organisations (ALEOs), it is difficult to draw clear conclusions about changing workforce numbers nationally. For example, it is likely that the workforce reductions recorded by Highland and Scottish Borders Councils are partially due to large numbers of staff transferring to ALEOs during this period.

42. Data for quarter 3 in 2017 was the first since quarter 2 in 2008 to report an increase in staff numbers compared to the previous year.²⁰ However, it is too early to comment on whether this indicates any upward trend overall, and evidence from the first year of BVARs suggests that the long-term trend of reducing staff numbers to meet funding gaps is set to continue in some councils. For example Inverclyde Council has reduced its staff by just over 500 (13 per cent of workforce) in the last seven years.²¹ It estimates that it will need to reduce its staff by a further 80 to 130 staff over the next two years (this is between two to four per cent of its workforce).²² East Renfrewshire Council needs to reduce its workforce by an average of 100 staff a year over the next three years. This is around three per cent of its workforce in the first year.



Does your council have medium and long-term financial plans in place?

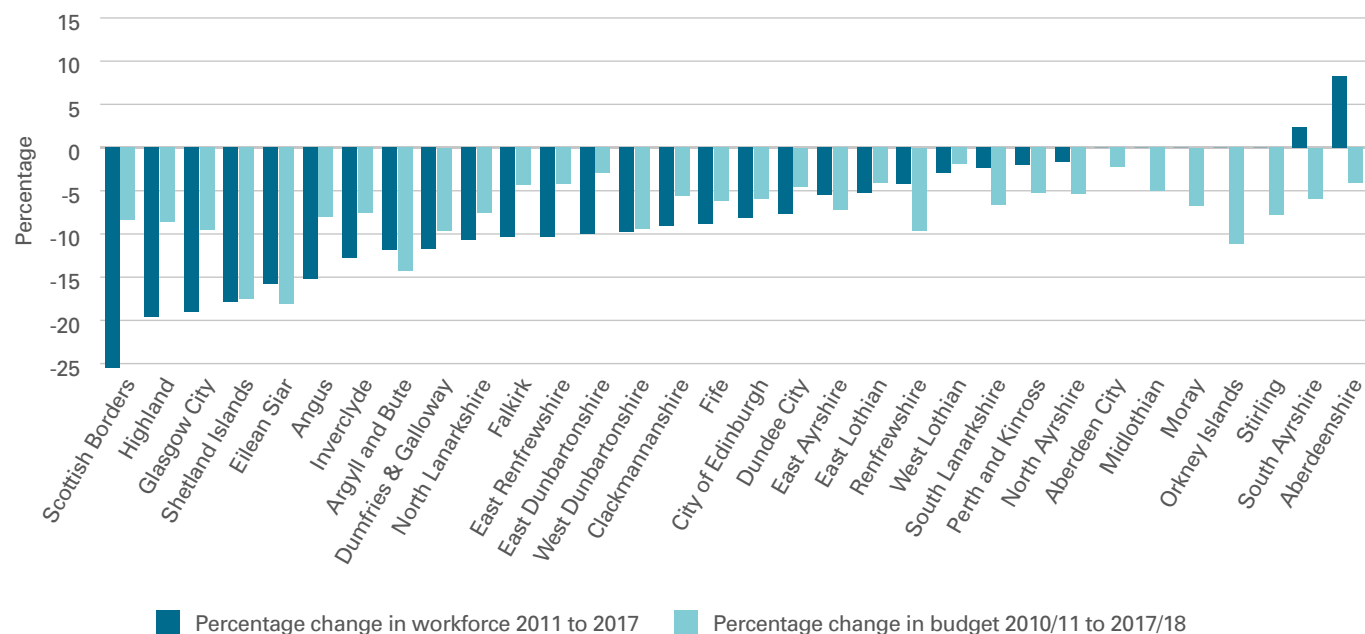
Does your council link budgets to plans and outcomes and report on these?

Does your council have the right structures in place to ensure that all your efficiency, improvement and transformational approaches are working together to maximise savings?

Exhibit 6

Changes in council budgets and workforce 2011 to 2017

The use of staff reductions to make savings varies across councils.



Notes:

1. Budget is defined as general revenue grant and non-domestic rates, in real terms.
2. Workforce change is from Q1 2011 to Q1 2017.

Source: Audit Scotland and Joint Staffing Watch, Scottish Government



43. It is critical that councils carefully manage workforce reductions and that each council ensures it has people with the skills required to deliver its priorities now and in the future. Workforce planning is complex and councils face a number of challenges:

- The council workforce is ageing. The Scottish Social Services Council reported that the median age amongst public sector social care employees is 48 years.²³ UNISON also report high proportions of staff over the age of 45 years in building standards, school support and home care workers.²⁴ Councils will need to consider if and how to replace these experienced workers.
- Many councils struggle to recruit and retain employees. Councils in rural areas report difficulties recruiting staff to some roles due to their remote location. Several councils have reported that education and social care staff are particularly difficult to recruit. Others report difficulties recruiting staff in specialist or professional roles such as engineers and accountants. Our Clackmannanshire Council Annual Audit report highlights that the council has found it difficult to recruit suitably qualified and experienced finance staff. The UK's decision to leave the European Union could create further difficulties in staff recruitment.
- Council workforces must be able to adapt to deliver council priorities and meet future challenges. National early learning and childcare commitments will have significant implications for council staffing. Councils will also need to ensure they have staff with the right skills to maximise the potential of new digital technology.



Does your council have an organisation-wide workforce plan?


Does it contain information about the numbers, costs, and skills of the actual and desired workforce?

How is your council looking to maximise income?

- Strong leadership is essential for councils to effectively manage transformation and develop new ways of delivering services within reduced budgets. Yet there can be difficulties recruiting to the top team as salaries are often lower than the private sector at senior levels.^{25, 26} The Improvement Service's report on Talent Management in the Public Sector highlights that public sector bodies need to do much more to develop their approach to managing talent.²⁷

44. Despite its importance, only half of councils had organisation-wide workforce plans last year.²⁸ Workforce plans vary in quality. For example, not all provide critical planning information, such as:

- the numbers, cost and skills of the current and the desired workforce
- how the move from the current to the desired workforce will take place and when it will be achieved.

45. Some workforce plans are short term in nature and only consider workforce needs for the current year, for example, the [*Best Value Assurance Report: Inverclyde Council*](#)  reports that longer-term forecasts need to be developed. Councils also need to ensure workforce plans will help to deliver corporate priorities, transformation plans and financial plans.

Councils have sought to increase income

46. There are opportunities for councils to raise income through council tax and fees and charges. However, there are limits on how much can be raised.²⁹

47. The council tax freeze ended in 2017/18. Twenty-four councils increased council tax, including 21 that raised rates by the maximum three per cent allowed by the Scottish Government. This rise increased council income by around £53 million.³⁰ Proportionately this represents a small increase to council budgets. It is possible that public satisfaction with services will decline if the service delivered is not perceived to improve in line with higher taxes.

48. It is difficult to accurately tell how much income is generated through fees and charges in Scotland. The Scottish Parliament Information Centre (SPICe) Briefing on Local Government Finance used Local Financial Returns (LFRs) to analyse how councils have raised income through fees and charges to people using services. It found that revenue from fees and charges had fallen by 4.5 per cent in real terms between 2011/12 and 2015/16, from £569.7 million to £544.2 million.³¹ However, the data provided in the LFRs is self-reported and there can be differences with how councils categorise income and expenditure. For example, some councils may not record income generated by ALEOs in the same way that they record income generated directly by the council.

49. While it is not possible from the data currently available to assess nationally how councils use their ability to generate income to offset the impact of reduced Scottish Government funding, there are indications that councils are increasing income through fees and charges. For example, the RAC Foundation reported that total income for Scottish councils from parking fees was £79.3 million in 2015/16, a five per cent increase over the previous year.³² Citizens Advice Scotland has found that burial charges increased in 25 councils in 2016/17, with an average increase of £64.31 (5.5 per cent).³³

50. Councils must consider the impact that increased fees could have on inequality within their communities, as higher charges are likely to have a disproportionate effect on deprived and vulnerable communities. All seven councils that submitted evidence to the Parliament's scrutiny of the draft budget indicated that they considered inequalities when making decisions about fees and charges.³⁴

51. Councils are also getting together to share ideas and approaches to maximising income and many are involved in a network on 'commercialisation' led by the Association for Public Sector Excellence (APSE). This work is at an early stage but could lead to councils generating additional income from a range of activities.

Transformation is increasingly important to councils

52. By transformation we mean significant programmes of activity that radically change the services councils provide and how they are delivered. This involves making services more efficient and achieving better outcomes for people who use services and for communities. Good transformation will be based on robust option appraisal. It should reflect the needs of communities, consider alternative service delivery models and seek to reduce long-term demands on services.

53. Planning for and delivering transformational savings will become increasingly important to councils if funding continues to fall and decisions about spending priorities become increasingly difficult. Options appraisal is an important tool to help councils make an informed decision on what their transformation priorities should be.

Transformation needs to be properly scoped and resourced for it to deliver the desired savings

54. Some councils use formal and explicit transformation plans to deliver their strategy for change. Other councils integrate transformation into developing how services are delivered without using a specific transformation plan. Both approaches can be effective if the right leadership and management are in place. Cohesive and decisive leadership is essential to address the significant challenges councils face.

55. Councils need to ensure that they are investing the right time and resources to deliver the scale of the planned transformation. Real transformation takes time and to be successful councils should:

- set priorities - councils cannot transform everything at once
- conduct robust option appraisals - councils should consider a wide range of options
- have a clear strategy and a realistic savings target which is properly monitored
- have proportionate governance structures
- assess the impact on equality of access and opportunity and whether change may have a disproportionate impact on more vulnerable or poorer communities or individuals.

56. Transformation needs:

- effective leadership from councillors and the senior management. In Dumfries and Galloway Council, progress is reported regularly to the Business Transformation board and Business Transformation steering group



Does your council compare its policies and priorities to raise income with other councils?

Does your transformation activity contain plans for truly transformational change? Will it improve services and save money?

- staff who have the time to work exclusively on transformation. West Lothian Council has 15 full-time equivalent staff (including senior and specialist staff) on secondment working on the scoping stage of their transformation plan.
- staff with the skills to achieve council priorities and make the required changes to services. At Inverclyde Council, 100 employees took part in a senior management leadership development course which emphasised delegating operational decisions to front-line managers. East Renfrewshire Council has recognised that there is limited supply of some skills in the council. In response it has designed and delivered a Scottish Qualifications Authority (SQA) accredited course in project management and a course in change management.

57. Councils should ensure that planned savings are realistic and achievable. Councils that are already under significant financial strain need to be especially careful about this. For example, Midlothian and Clackmannanshire Councils have low general fund reserves and high savings targets for their transformation plans, which will be challenging to meet. Not delivering expected savings could mean their general fund reserves fall.

58. There is a high level of risk involved in transformation projects. These include expected savings not being delivered (with consequent effects on a council's reserves and financial position); alternative models of service delivery not achieving the expected service standards and outcomes and there being insufficient staff time and skills deployed. Not all transformation activity will have the desired effect. Councils need to be willing to take some risk, within an effective risk management framework, in their approaches to transformation.

59. Councils are sharing successful new approaches. The Innovation Exchange website, which is supported by the Society of Local Authority Chief Executives (SoLACE) and the Improvement Service, brings together innovative projects from across all councils. It allows councils to share good practice and improve how services are provided.

Councils recognise the potential of digital solutions to deliver savings and make services more efficient

60. Digital solutions are a key element of most councils' transformation activity. When we talk about digital, we are not just talking about technology. We are talking about how digital technologies and solutions are affecting and changing human interactions. Some of the ways that councils are adopting digital solutions include:

- introducing new technology to allow front-line staff to access and process information wherever they are working, for example home carers
- making better use of data by linking and integrating data across departments
- streamlining and automating processes to make them more straightforward for citizens and more efficient for the council, for example completing forms and making payments
- ensuring the security of data and information held by the council
- making information more accessible to residents through websites.



Have you invested in the right resources for your transformation activity to achieve its planned savings?

Does your council have the necessary governance structures to effectively oversee and monitor its transformation activity?

What is your council's risk appetite for transformational change? Are risks properly monitored?

What will the financial implications be for your council if your transformation strategy fails to meet its savings targets?

61. Councils are incorporating digital solutions in a variety of ways. As councils become more mature users of digital, they are adopting more innovative ways of integrating digital into how they deliver services. Thirty councils have signed up to the Local Government Digital Partnership programme, which aims to strengthen councils' use of digital.³⁵

62. Many councils are pursuing greater efficiency by integrating digital into how they deliver their services. For example, the Moray Council reports it has made its housing repair service more efficient by introducing mobile working. This has cut travel time to jobs, reduced missed appointments, and allowed seven team members to be reallocated to other areas. North Ayrshire Council increased customer satisfaction from 91 per cent to 98 per cent by improving the digital channels that people can use to access services.

63. Some councils are working to make their digital infrastructure more efficient. This involves joining up systems and data that are held by different services and creating systems that are able to share data. Aberdeen City Council has developed a digital transformation programme that prioritises these tasks. One of the anticipated outcomes of this programme is that customers will only have to provide information once to the council, and this information will automatically update data already held by the organisation.

64. Our *Principles for a digital future*  report provides guidance on the core principles for successfully planning digital projects.³⁶ It identifies the following principles for success:

- comprehensive planning setting out what will be achieved and how it will be done
- active governance providing appropriate control and oversight
- putting users at the heart of the project
- clear leadership that sets the tone and culture and provides accountability
- individual projects set in a central framework of strategic oversight and assurance.

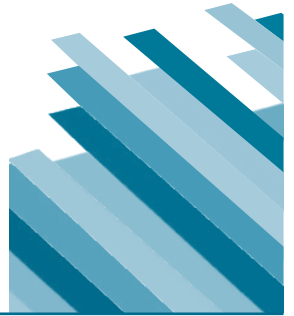
65. Councils need to balance improving digital access to services with an awareness that not everyone can access or operate digital technologies. Others will be limited in how they can access digital technology; for example, some may only have access to the internet using their mobile phone. Limited access to digital technology is most likely to affect vulnerable and excluded groups. Digital should not become the only way to access council services, but it should be an efficient and easy option of communication for those who choose to use it.



Does your council follow the core principals for successfully planning digital projects outlined in our *Principles for a digital future* report?

Part 3

The impact on council services



Key messages

- 1** At a national level, indicators suggest that councils have maintained or improved performance in a number of areas despite funding reductions. However, there is considerable variation between councils that is not always easily explained. Our audit work has found that councils articulate their strategic priorities and plans well but often do not report how these connect to actual performance and outcomes.
- 2** However, there is also some evidence that budget reductions are impacting on services. Public satisfaction is falling. There is evidence that social care services for older people are not keeping up with demand, and there is a general risk to the quality of services. The impact of budget reductions on smaller services could be significant but there is limited evidence on this. Councils need to understand and clearly set out the impact budget reductions have had on service delivery and use this to inform future decision making.

Despite funding reductions a number of national indicators of performance continue to improve

66. The Accounts Commission has previously stated that given the challenges facing local government, not least the future financial challenges, it does not expect to see performance improving in all measures for all councils. It is up to individual councils and their communities to agree local priorities and make the difficult decisions about which services to focus time, skills and money on. Effective public performance reporting should reflect those decisions and explain performance variance within that context. Councils will need to continue to have conversations with their communities to understand and explain the impact of budget cuts.

67. The Scottish Government's National Performance Framework measures and reports progress towards the Scottish Government's Purpose and national outcomes. The Improvement Service reports on progress against 18 outcomes, supported by 16 performance measures, through the Community Planning Outcomes Profile. Councils work with partners and communities through, for example, CPPs and IJBs to improve outcomes for communities. Changes in outcomes will be influenced by factors wider than council activity so cannot be solely linked to council activity. These measures are designed for use at a community or council level, but we have presented them at a Scotland level for this report. The 16 performance measures suggest that the majority of outcomes are improving across Scotland ([Exhibit 7, page 29](#)).

Exhibit 7

Changes in performance measures for Scotland's outcomes 2006/7 to 2016/17

Performance measures suggest that the majority of outcomes for Scotland's communities are improving.

Health	Early mortality: European Age Standardised Rate of deaths for persons under 75 ¹	-6.9%		
	Emergency department attendance rates per 100,000 people ¹	-7.9%		
	Emergency admissions for age 65 and over per 100,000	3.9%		
	% of primary 1 children who have body mass index classified as a healthy weight ¹	0%		
	% of babies at a healthy birthweight	0.9%		
Education	S4: Average tariff score – all pupils ¹	14.6%		
	% of school leavers entering positive destinations ¹	7.1%		
Employment	Survival of newly born enterprises (3 year survival) ¹	-5.8%		
	Median weekly earnings for residents in CPP area who are employed	15.5%		
	Employment rate	-0.6%		
	% of population (aged 16-64) in receipt of out of work benefits	-2.2%		
Environment	CO ₂ emissions (tonnes per capita) ¹	-34.4%		
Community safety	Number of dwelling fires per 100,000 population ¹	14.2%		
	Total crimes per 10,000 population	-37.2%		
Other	% of children in poverty ¹	-3.2%		
	Fragility ^{2,3}	1.6%		

Percentage point change – raw data is not available therefore absolute changes are shown.

Notes:

1. Imputed and projected data has been calculated by the Improvement Service using different methodologies for measures where raw data is not yet available.

2. Fragility is a weighted combination of three indicators: de-population, rural de-population and old age dependency ratio.

3. Data uses rolling three year averages. All figures are based on community level data and so may have some discrepancies due to rounding.

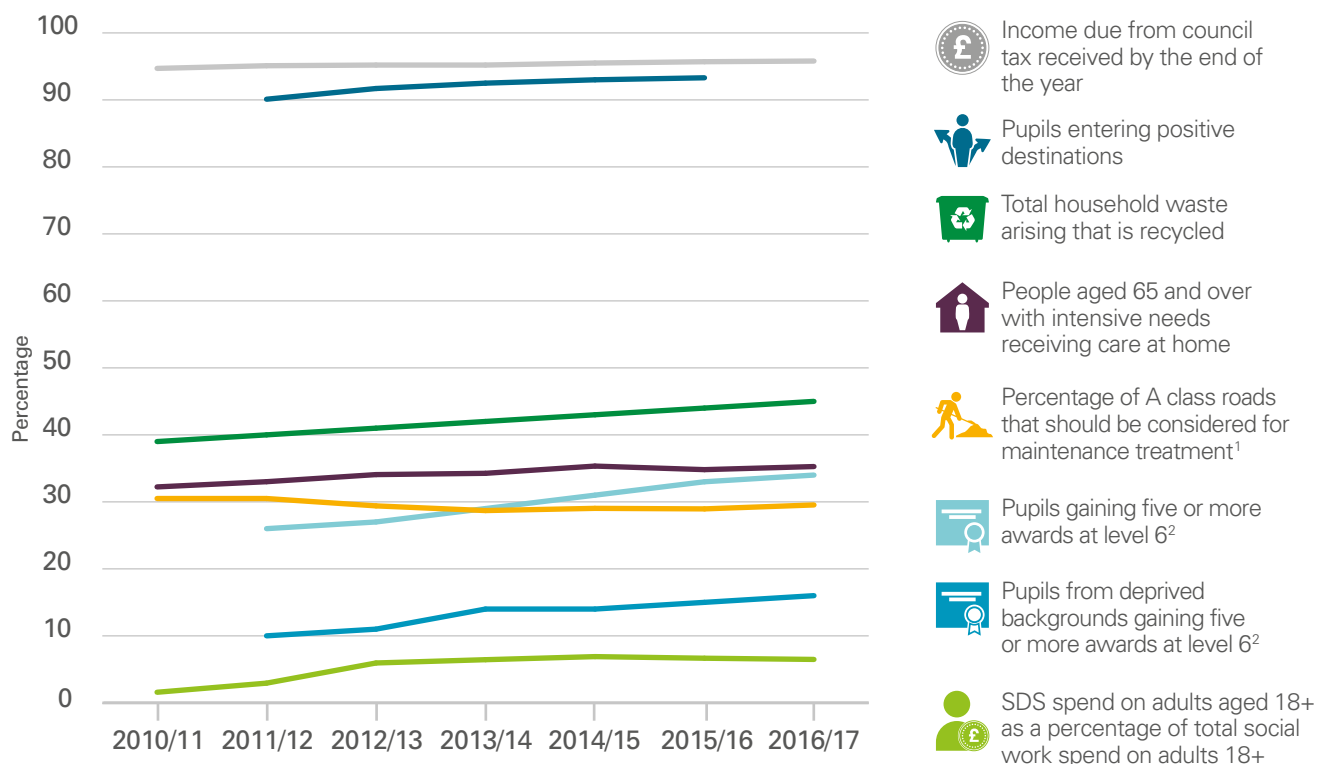
Source: *Community planning outcomes profile*, Improvement Service, 2016/17

68. The Improvement Service, in partnership with councils, also collates and reports on the Local Government Benchmarking Framework (LGBF) to provide comparative performance information for councils to help them improve. The framework includes over 70 performance indicators. While these are not designed to comprehensively cover performance across all council activities, they are spread over a broad range of service areas. We selected for further analysis, a sample of eight measures which give an indication of council performance in services likely to be of significant interest to the public.³⁷ This shows that councils' performance for these indicators over the last six years has remained the same or improved, except for the proportion of social work spend on self directed support (SDS) which dropped slightly between 2015/16 and 2016/17 ([Exhibit 8](#)).

Exhibit 8

Performance against selected indicators, 2010/11 to 2016/17

Performance has been maintained or improved.



Notes:

1. The percentage of A class roads that should be considered for maintenance treatment indicator is measured over two year periods, for example 2009-11 is plotted in 2010/11.
2. 2016/17 data is not available, national data is modelled to provide proxy measure.

Source: Audit Scotland; and *Local Government Benchmarking Framework 2016/17*, Improvement Service



69. We have also analysed council spending against indicators to see what impact funding reductions have had on performance at a national level. This shows that despite spending less in most service areas, councils have maintained or improved performance on most of the selected measures ([Exhibit 9, pages 31-32](#)). It is important to note that a number of factors other than spend will impact on how services perform, and individual performance indicators do not show overall quality of a service.

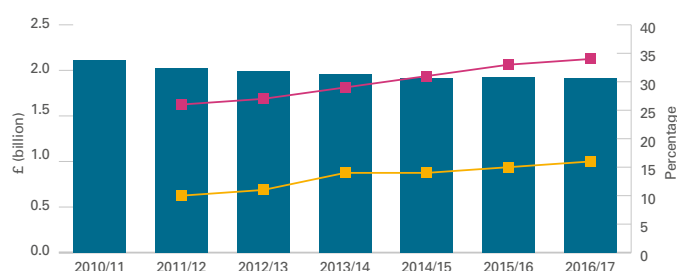
Exhibit 9

Performance and spend in key service areas, 2010/11 to 2016/17



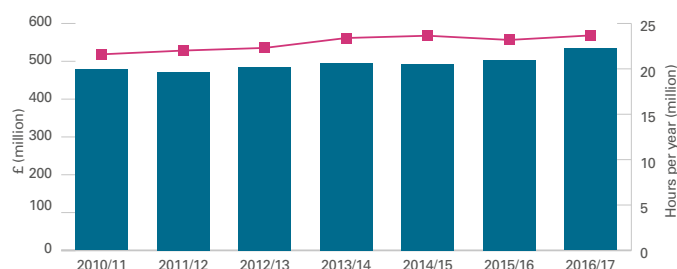
Councils are spending less on secondary schools but pupils' attainment continues to improve.¹

- Gross expenditure on secondary schools (£ billion)
- Percentage of pupils gaining five or more awards at level 6
- Percentage of pupils from deprived backgrounds gaining five or more awards at level 6



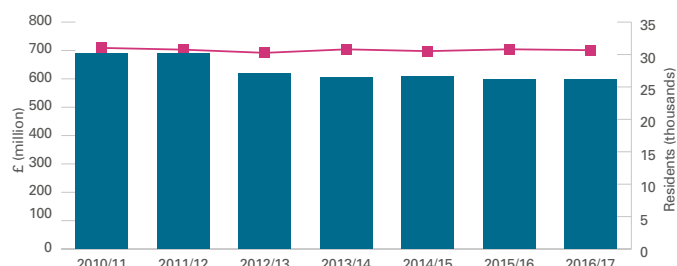
Since 2010/11 the amount spent on homecare has increased at a faster rate than the number of home care hours.

- Total expenditure on homecare (£ million)
- Homecare hours per year



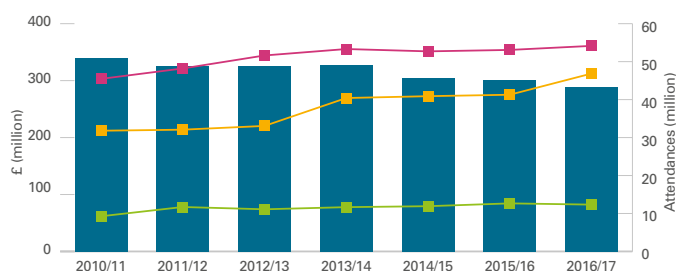
Spending on residential care homes for older people has remained constant since 2012/13. The number of residents has remained at a similar level since 2010/11.²

- Net expenditure on care homes for older people (£ million)
- Number of long-stay residents aged 65+ supported in care homes



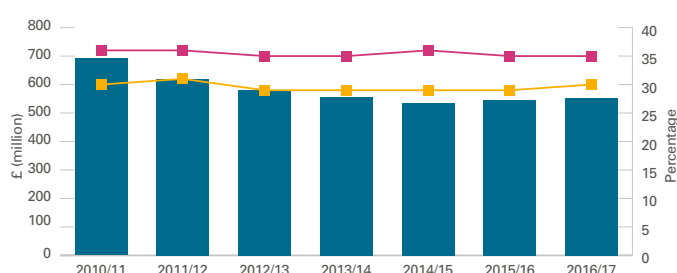
Libraries, sports facilities and museums have all reduced spending but report increased visitor numbers.

- Total expenditure on culture and leisure (£ million)
- Number of attendances at sports facilities
- Number of library visits
- Number of museum visits



Councils spend 20 per cent less on road maintenance but the percentage of roads classified as needing to be considered for maintenance has remained constant.

- Gross expenditure on roads and winter maintenance (£ million)
- Percentage of A class roads that should be considered for maintenance treatment
- Percentage of B class roads that should be considered for maintenance treatment

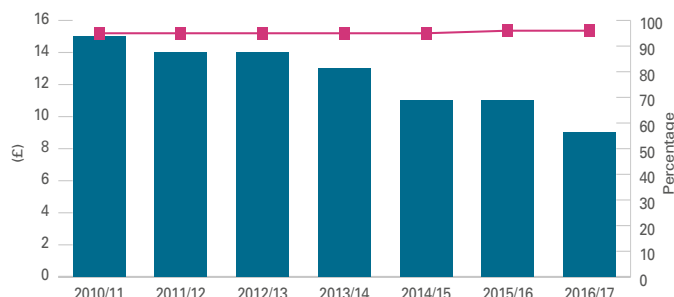


Cont.

Exhibit 9 (continued)

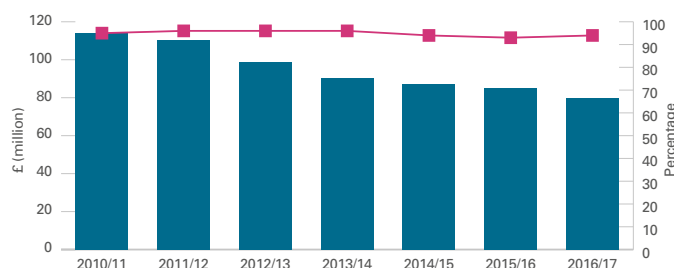
The amount councils spend on collecting council tax has decreased by 41 per cent since 2010/11 but the percentage collected by the end of the year has remained at around 96 per cent.

- Cost per dwelling of collecting council tax (£)
- Percentage of income due from council tax received by the end of the year



Despite a 30 per cent reduction in the net cost of street cleaning per 1000 people since 2010/11, street cleanliness scores have only decreased by three percentage points.

- Net expenditure on street cleaning (£ million)
- Street cleanliness score



Notes:

1. 2016/17 data is not available, national data is modelled to provide proxy measure.
2. 2010/11 and 2011/12 expenditure includes supports costs and so is not directly comparable to later years.
3. The percentage of A class roads that should be considered for maintenance treatment indicator is measured over two year periods, for example 2009-11 is plotted in 2010/11.

Source: Audit Scotland; and *Local Government Benchmarking Framework 2016/17*, Improvement Service

Council performance varies, sometimes significantly

70. A range of factors, such as levels of deprivation, rurality, demographics and local priorities and policy choices will have an impact on how services perform. The quality and effectiveness of leadership and management are also important factors. Analysis of LGBF data shows that there continues to be significant variation in performance among councils. For example in 2016/17:

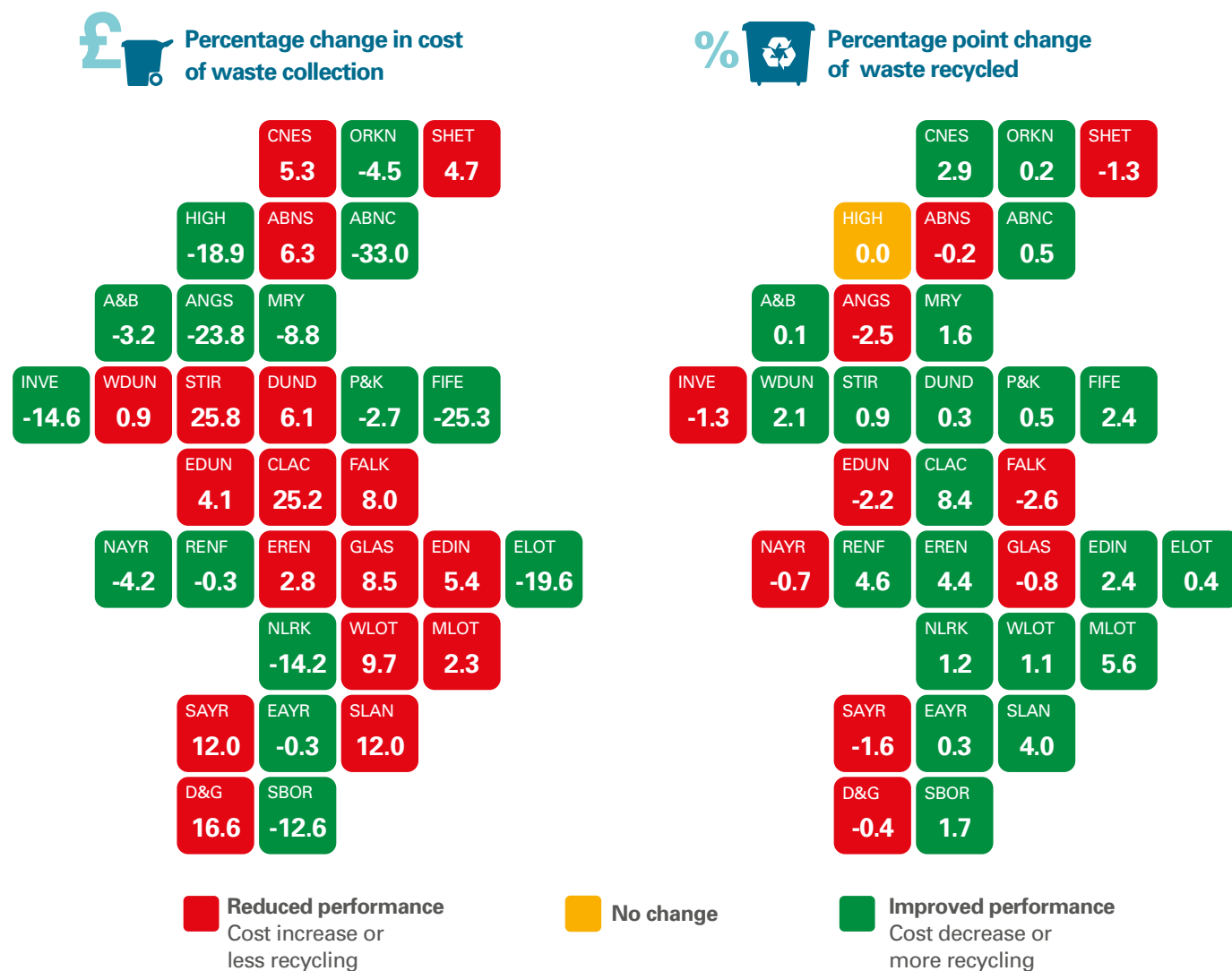
- The amount of waste recycled varies from eight per cent in the Shetland Islands Council to 61 per cent in East Renfrewshire Council.
- The percentage of people aged 65 and over with intensive needs being cared for at home varies from 23 per cent in Scottish Borders Council to 50 per cent in North Lanarkshire Council.
- The percentage of pupils gaining five or more awards at level six varies from 22 per cent in Clackmannanshire Council to 63 per cent in East Renfrewshire Council.

71. The link between performance and spend also varies. For example between 2015/16 and 2016/17, 21 councils increased the amount of waste that was recycled. Of these ten increased the cost of waste collection while 11 reduced their costs ([Exhibit 10, page 33](#)). Fife Council have reduced the net cost of waste collection per premise by 25 per cent in real terms from £57 to £42, while increasing the percentage of waste recycled from 52 per cent to 55 per cent. Of the ten councils which are recycling less, seven had increased costs.

Exhibit 10

The cost of waste collection and the percentage of waste recycled, 2015/16 to 2016/17

Twenty-one councils increased the amount of waste that was recycled. Of these ten increased the cost of waste collection while eleven reduced their costs.



Councils

ABNC Aberdeen
ABNS Aberdeenshire
ANGS Angus
A&B Argyll and Bute
CLAC Clackmannanshire
D&G Dumfries and Galloway
DUND Dundee
EAYR East Ayrshire
EDUN East Dunbartonshire
ELOT East Lothian
EREN East Renfrewshire

EDIN Edinburgh
CNES Eilean Siar
FALK Falkirk
FIFE Fife
GLAS Glasgow
HIGH Highland
INVE Inverclyde
MLOT Midlothian
MRY Moray
NAYR North Ayrshire
NLRK North Lanarkshire

ORKN Orkney Islands
P&K Perth and Kinross
RENF Renfrewshire
SBOR Scottish Borders
SHET Shetland Islands
SAYR South Ayrshire
SLAN South Lanarkshire
STIR Stirling
WDUN West Dunbartonshire
WLOT West Lothian

Note: Due to inconsistencies with published data Glasgow and Shetland Islands councils have provided their own figures.

Source: Audit Scotland; and *Local Government Benchmarking Framework 2016/17*, Improvement Service


72. Variation in performance and spend suggests councils have the potential to deliver further improvements and efficiencies. For example, as we reported last year, if councils reduced staff sickness absence this would help increase productivity. Nationally the average number of sickness days for non-teaching staff has increased slightly from 10.63 in 2015/16 to 10.92 in 2016/17. Sickness absence rates for non-teaching employees vary from an average of 8.8 days in East Ayrshire Council to 16.5 days in Clackmannanshire Council. If councils with high absence levels could reduce these to be in line with the top eight performing councils, they would gain the equivalent staff time of about 730 full-time employees across Scotland.

73. Sickness absence rates for teachers improved slightly from 2015/16 to 2016/17 from 6.09 to 6.06 days per teacher. This also varied by council from an average of 4.1 days in East Ayrshire Council to 9.8 days in Clackmannanshire Council. If councils with high teacher absences could reduce these to be in line with the top eight performing councils, they would gain the equivalent of about 260 full-time teachers in Scotland.

74. There may be valid reasons for the variation between performance and spend at a council level. Councils should continue to learn from each other through benchmarking groups and work to understand reasons for variation in performance and cost, identify any options for efficiencies, savings and service redesign. Councils have a duty to clearly report performance to local people. Our audit work has found that councils articulate their strategic priorities and plans well but often do not report how these connect to actual performance and outcomes. Good performance reporting includes clearly stating how performance and spend is linked to the council's priorities and using local indicators which demonstrate quality of service and public satisfaction.

Not all variation in education performance can be explained by deprivation

75. Improving school attainment and closing the gap between the achievements of the richer and poorer pupils is a Scottish Government priority and one shared by councils. Nationally pupil attainment has been increasing each year since 2010/11 across all measures ([Exhibit 9](#)). However, this still masks significant variation between individual councils. Using the measure of average tariff score, an overall measure of secondary attainment, the attainment gap between the most deprived and least deprived pupils has decreased by six per cent in the last six years.³⁸ However, the most deprived pupils are still performing only half as well as the least deprived pupils.

76. Councils with lower deprivation levels tend to have more children gaining five or more awards at level 5 and 6 and higher overall average tariffs than councils that have higher deprivation levels ([Exhibit 11, page 35](#)). East Renfrewshire Council and East Dunbartonshire Council have the lowest levels of deprivation and are performing considerably better on this measure than any other council. However, some councils (Aberdeenshire, Aberdeen City, and the Moray councils) might be expected to perform better than they are when their lower levels of deprivation are taken into account. Inverclyde Council has high levels of deprivation but higher attainment than similarly deprived areas. We examined the various factors which influence pupil attainment in our 2014 report on [School education](#) , and are planning a further audit of the sector in 2019/20.³⁹

77. Councils should continue to work to understand the variations in performance between them, learn what has been successful in other councils and, where appropriate, apply these lessons to their own services.



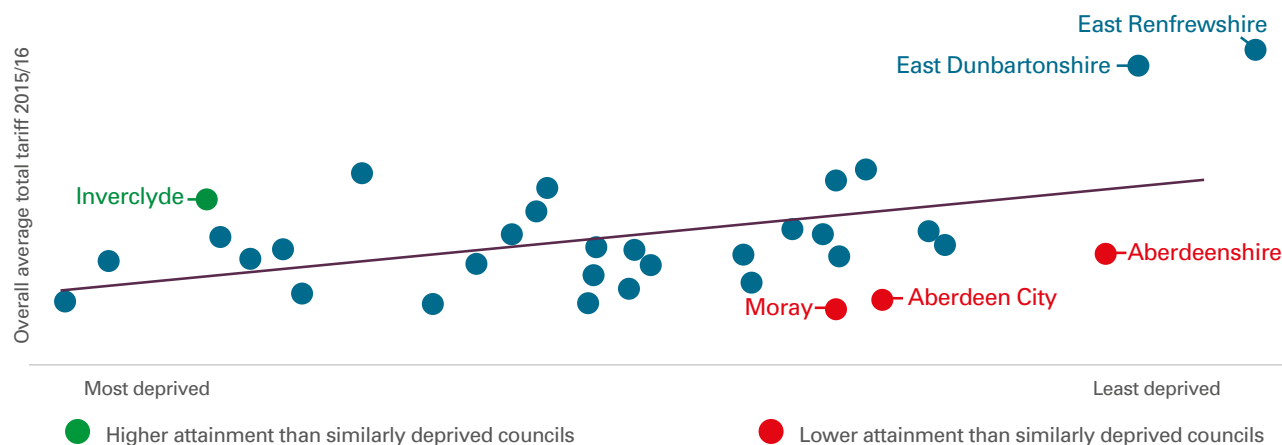
How well does your council report performance to local communities? Is there a link to outcomes, priorities and budgets in your performance reporting?

Have you considered what lessons you can learn from other councils who are delivering services well?

Exhibit 11

Overall tariff scores for secondary school children compared with deprivation levels 2015/16

The link between attainment and deprivation varies across councils.



Notes:

1. The line shows the relationship between overall average total tariff and deprivation levels.
2. We have used 2015/16 attainment data. Data is not currently available by council for 2016/17.

Source: Audit Scotland; and *Local Government Benchmarking Framework 2015/16*, Improvement Service



There is some evidence that spending reductions and increasing demand are impacting on services



Public satisfaction is falling

78. Different sources show public satisfaction is falling:

- LGBF indicators mostly show a decline in public satisfaction between 2010 and 2017, for example satisfaction with the following services is down:
 - local schools from 83 to 73 per cent
 - libraries from 84 to 73 per cent
 - museums and galleries from 76 to 70 per cent
 - leisure facilities from 75 to 73 per cent
 - street cleaning from 73 to 70 per cent
 - refuse collection from 81 to 79 per cent.

Some satisfaction levels have been maintained or improved:

- parks and open spaces has increased from 83 to 87 per cent.
- In 2016, the Scottish Household Survey found that only 56 per cent of adults were satisfied with three local public services (local health services, schools and public transport). This is the lowest level since it was first measured in 2007, and down ten percentage points in five years.⁴⁰
- In a poll by PricewaterhouseCoopers in 2017, only 12 per cent of respondents in Scotland agreed that their council had become more effective over the last five years.⁴¹

How can you better engage with local communities to understand why public satisfaction is declining?

There is evidence that adult social care services are not keeping up with demand

79. Adult social care services are a main and growing area of spend for councils. These services are now commissioned by IJBs. Social care services for older people are a key pressure area for councils and IJBs as Scotland's population ages. Between 2010/11 and 2016/17:

- The number of people aged 65 and over (and more likely to have two or more long-term conditions) increased by 13.2 per cent.
- The number of people aged 75 and over (and, more likely to have three or more long-term conditions) increased by 9.4 per cent.


80. Older people in need of support are cared for either in a residential care home or in their own home by visiting home care workers. Since 2011, the policy of many councils and the Scottish Government has been to move more care to a home setting.

81. National data suggests that spending on residential care is generally keeping up with the number of residents, while spending on caring for people at home has increased at a faster rate than the amount of care provided. National data on quality shows that care homes assessed by the Care Inspectorate as good or better has increased from 66 per cent in 2014/15 to 72 per cent in 2016/17 and home care services from 81 per cent to 83 per cent.

82. Despite an increase in the number of homecare hours, the number of people aged 65 and over who receive care at home fell by nine per cent. The Scottish Government reports that this is due to a focus on people with higher needs meaning that fewer people get more hours.⁴² Although this means that councils can focus care on those with the highest needs, it does mean others no longer receive support. This has implications for early interventions which could improve peoples' quality of life and save money in the long-term by preventing people developing more complex needs.

83. Recent local inspections have raised significant concerns about social care services' ability to meet demand from older people and about the quality of care provided. The inspections at City of Edinburgh Council and Scottish Borders Council found that older people faced long waits for an assessment of their needs and a further wait to receive their care package following an assessment.

- In Edinburgh people waited 100 days for an assessment and 16 per cent of cases had an unreasonable delay after assessment. Often, this meant that the person's condition had deteriorated by the time they received their service so it was no longer adequate. These delays impacted on other health and social care services, especially hospitals, as people could not return home until care had been arranged for them.⁴³
- In the Scottish Borders there was a nine week wait for top priority cases and a 15 week wait for the second level of priority. Even some people assessed as critical could struggle to get the support when they needed it. Overnight care for people at the end of their life who wanted to die at home was especially problematic. Inspectors found that staffing problems had led to a lack of consistency of care and although always treated with respect, some individuals had 24 different carers in a three-month period.⁴⁴

84. We reported in our 2016 *Social work in Scotland*  audit, that people receiving care were most unhappy with the limited length of visits. In the survey, one person described facing a choice of breakfast or a shower as the carer could not provide both in the 15-minute appointment slot. A survey of home care workers by Unison in 2016, found that 80 per cent felt that their service had been affected by budget reductions and many staff described this as a focus on 'quantity not quality'.⁴⁵ The Care Inspectorate reported that the number of complaints upheld for adult care homes increased by five per cent between 2014/15 and 2016/17.

85. East Lothian Council has also reported a backlog of residents waiting for a care package due to a lack of capacity within care providers.⁴⁶ It is unlikely that these are isolated examples as elderly populations are growing in all council areas in Scotland and this trend is set to continue (**Exhibit 4**). The Competition and Markets Authority concluded recently that the model for residential care was unsustainable without additional funding.⁴⁷ Councils and IJBs face significant challenges in delivering social care. They will need to consider how to transform their social care services so that older people are able to access the care they need.

There is a risk that reduced spending in education is affecting pupils' learning experience and staff morale

86. Education is the largest area of council spend. Spending on schools, including pre-schools, has been increasing since 2015/16 when the Scottish Government introduced its School Attainment Challenge. Despite this, national data shows that since 2010/11 spending on schools has not kept up with trends in pupil numbers:

- Spending on primary education has reduced by two per cent despite pupil numbers increasing by nine per cent.
- Spending on secondary education has reduced by nine per cent while pupil numbers have fallen by seven per cent.

87. Teacher-to-pupil ratios are protected by Scottish Government policy and funding. Since 2012/13, teacher-to-pupil ratios have increased slightly in primary schools and stayed the same in secondary schools, while the number of class room assistants increased by 13 per cent over that period. However, since 2012/13:

- administration and clerical support staff have been reduced by 11 per cent
- library staff have been reduced by 16 per cent
- music instructors have been reduced by 30 per cent
- additional support needs care workers have been reduced by 13 per cent despite a 44 per cent increase in children with additional support needs over the same period.⁴⁸

88. There is no national data showing the impact of these staffing changes. However, there is a risk that unless alternatives are provided, the reduction in library and music staff could result in a less rich and varied learning experience. Similarly, the reductions in additional support staff could mean some children are not receiving the support they need.

89. A study for the Educational Institute of Scotland in 2017 found that 40 per cent of teachers were considering leaving their job in the next 18 months. They found the



How are your council and IJB managing demand for social care services? What preventative measures are available in your council?

main cause of stress was an excessive administration workload and lack of preparation time.⁴⁹ In a 2017 survey by UNISON, 60 per cent of support staff reported that morale was low and 40 per cent claimed to work unpaid overtime every week.⁵⁰

90. Some councils are reporting difficulties recruiting staff and some schools cannot offer higher level exams in some subjects due to a lack of suitably qualified staff.⁵¹

Smaller services are affected more by budget cuts but the impact of this is not always clear

91. Smaller services have experienced greater levels of budget reductions. Although nationally published data does not break down staff by department, there is evidence that sizeable staff reductions have affected these service.

- The Royal Town Planning Institute Scotland identified a 23 per cent reduction in staffing of planning teams in local government since 2009.⁵²
- The Society of Chief Officers of Environmental Health in Scotland reported an eight per cent fall in environmental health services posts between 2016 and 2017.⁵³
- COSLA reported a 20 per cent decrease in the workforce for trading standards, but did not specify over which time period.⁵⁴

92. These departments and others provide important services to communities, such as inspecting building standards and public health; there is a risk that staffing pressures and budget cuts could lead to errors with potentially serious consequences to the public. As the Commission reported in 2013, the long-term viability of councils' trading standards services is under threat, potentially leaving consumers without important protection.⁵⁵

93. Keep Scotland Beautiful reports that overall local environmental quality has reached its lowest point in over a decade. This is after a marked increase in the presence of litter, fly tipping, graffiti and weeds in communities over the last 18 months.⁵⁶ Councils also report that fly tipping has increased from 6.22 incidents per 1000 households in 2014/15 to 9.23 incidents in 2016/17.⁵⁷

94. Funding for Money Advice Services reduced by around 15 per cent in 2015/16 and this is set to continue. Although councils have sought to minimise the impact of cost reductions to the Money Advice Service by transforming services, these cuts have also reduced the availability of locally based services. These types of reductions could disproportionately affect the most disadvantaged and vulnerable as 80 per cent of people using these services have a household income of under £15,000.⁵⁸ Limiting access to this service can diminish the wellbeing of people who might use them. It could also make it more likely they will require help from other council services such as social care and homelessness services.

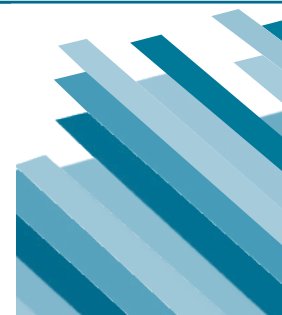
95. We recognise that councils will prioritise some services over others to reflect their strategic priorities. Our audit work has found that generally councils are good at setting clear strategic priorities but that links to how these will achieve improved performance and outcomes are poor. Councils should be able to clearly set out the impact sizeable budget reductions have had on performance and outcomes so that decisions on funding are based on solid evidence. This is an area we plan to examine further in our 2019 report.











Do you know how budget cuts have affected your smaller services?


Do you know the impact of spending reductions on the services your council provides?

Endnotes



- ◀ 1 *Scottish Household Survey*, Scottish Government, 2016.
- ◀ 2 [*Best Value Assurance Report: Clackmannanshire Council*](#) , Audit Scotland, January 2018.
- ◀ 3 *Scottish Household Survey*, Scottish Government 2016.
- ◀ 4 Local Government Elections 2017. Scottish Parliament Information Centre, May 2017.
- ◀ 5 Revenue funding includes the general revenue grant, non-domestic rate income and specific revenue grants. Figures for 2017/18 and 2018/19 are based upon the annual totals set out by the Scottish Government in 'Local Government Finance Circular No. 4/2018' and we have compared 2017/18 outturn to the 2018/19 budgeted funding. These totals reflect a £34.5 million redetermination of funding in 2017/18 being classified as funding to councils for 2018/19. We will consider any implications of this funding arrangement for councils during both the 2017/18 annual audit process and our subsequent financial overview of local government.
- ◀ 6 [*Local Government in Scotland: Financial overview 2016/17*](#) , Audit Scotland, November 2017.
- ◀ 7 Unison submission to the local government and communities committee's scrutiny of the 2018/19 budget.
- ◀ 8 Angus, Dumfries and Galloway, East Lothian, Orkney and Renfrewshire had no live claims in September 2016.
- ◀ 9 Local Government Finance Statistics 2016/17, Scottish Government.
- ◀ 10 North Ayrshire Council's submission to the local government and community committee's scrutiny of the 2018/19 budget.
- ◀ 11 Additional predictions by the National Records for Scotland consider the impact on population growth if migration from the EU changed. Scotland's predicted population growth to 2041 varied from seven per cent if immigration from the EU increased by 50 per cent to two per cent growth if there was no immigration from the EU. This affected working age people and children more than the elderly.
- ◀ 12 Barnett K, Mercer SW, Norbury M, Watt G, Wyke S, Guthrie B. *Epidemiology of multi-morbidity and implications for health care, research, and medical education: a cross-sectional study*. The Lancet, 2012.
- ◀ 13 *The demography of Scotland and the impact of devolution*, Scottish Affairs Committee, Westminster.
- ◀ 14 'Dependency' ratios are a useful way to examine the relative age structure of the population but the reality is more complex than they suggest, many people of typically working age are not economically active (for example students) and many retired people are financially independent.
- ◀ 15 [*Local government in Scotland: Financial overview 2016/17*](#) , Audit Scotland, November 2017.
This contains further information on reserves.
- ◀ 16 Ibid.
- ◀ 17 Joint Staffing Watch figures, Scottish Government. All staffing figures are in Full Time Equivalent (FTE). Figures for most councils are rounded to the nearest 100. Figures for Aberdeen City and Glasgow City Councils are rounded to the nearest 1,000.
- ◀ 18 Joint Staffing Watch figures show 226,800 FTEs in Q1 2009 and 205,800 in Q1 2012.

- ◀ 19 Joint Staffing Watch figures show 205,800 FTEs in Q1 2012, 198,300 in Q1 2016, and 195,800 in Q1 2017.
- ◀ 20 Joint Staffing Watch figures show 196,600 FTEs in Q3 2017, 196,200 in Q3 2016, 229,000 in Q2 2008 and 228,500 in Q2 2007.
- ◀ 21 Joint Staffing Watch figures for Inverclyde Council show 3,900 FTEs in Q1 2010.
- ◀ 22 Joint Staffing Watch figures for Inverclyde Council show 3,400 FTES in Q1 2017.
- ◀ 23 *Scottish Social Service Sector: Report on 2016 Workforce Data*, Scottish Social Service Council, September 2017.
- ◀ 24 Information comes from three Unison reports: *A Unison survey of building control staff*, June 2017; *A survey of Scotland's school support staff*, January 2017; *A survey of care workers in Scotland*, July 2017.
- ◀ 25 Office for National Statistics, *Analysis of factors affecting earnings using Annual Survey of Hours and Earnings: 2016*.
- ◀ 26 The Smith Institute. *From pay squeeze to a staffing crisis: a study of recruitment and retention in the NHS and local government, 2015*.
- ◀ 27 *Talent Management in Public Services in Scotland*, Improvement Service, 2017.
- ◀ 28 [Local Government in Scotland: Performance and challenges](#) , Audit Scotland, March 2017.
- ◀ 29 [Local Government in Scotland: Financial overview 2016/17](#) , Audit Scotland, November 2017.
- ◀ 30 Ibid.
- ◀ 31 *Local Government Finance: Fees and Charges 2011-12 to 2015-16*. Scottish Parliament Information Centre, 2017.
- ◀ 32 *Local Authority Parking Finances in Scotland 2015-16*, RAC Foundation for Motoring, 2017.
- ◀ 33 *The Cost of Saying Goodbye*, Citizens Advice Scotland, 2017.
- ◀ 34 Evidence to Local Government and Communities Committee for scrutiny of 2018/19 draft budget.
- ◀ 35 The Moray Council and Clackmannanshire Council are not currently involved in this project.
- ◀ 36 [Principles for a digital future](#) , Audit Scotland, May 2017.
- ◀ 37 The full range of indicators includes unit costs and public satisfaction. These are available on the Improvement Service website – www.improvementservice.org.uk/benchmarking/ .
- ◀ 38 The average tariff score is a summary measure which calculates the latest and best achievements of pupils in the senior phase of secondary school.
- ◀ 39 [School Education](#) , Audit Scotland, June 2014.
- ◀ 40 Scottish Household Survey. Scottish Government, 2016.
- ◀ 41 PricewaterhouseCoopers (PwC) publish an annual report on local government in the UK based on surveys of council chief executives, finance directors, council leaders and 2,007 members of the public.
- ◀ 42 *Social Care Scotland 2016*, Scottish Government, 2017.
- ◀ 43 Joint Inspection of services for older people in Edinburgh, Care Inspectorate and Healthcare Improvement Scotland, 2017.
- ◀ 44 Joint inspection of services for older people in Scottish Borders, Care Inspectorate and Healthcare Improvement Scotland, 2017.
- ◀ 45 *We care, do you?* A survey of care workers in Scotland, Unison, July 2016.
- ◀ 46 Auditor returns, November 2017.
- ◀ 47 Care homes market study, Competition and Markets Authority, 2017.

- ◀ 48 Teacher Census, Scottish Government, December 2016.
- ◀ 49 *Working conditions of Scotland's teachers*, Educational Institute of Scotland, 2017.
- ◀ 50 *Hard Lessons*, A survey of Scotland's school support staff. Unison, 2017.
- ◀ 51 Joint response to the MAC Call for Evidence on the Partial review of the Shortage Occupation List: Teachers, Scottish Government and COSLA, September 2016.
- ◀ 52 Royal Town Planning Institute's submission to the Local Government and Communities Committee's enquiry into the 2018/19 Draft Budget.
- ◀ 53 Correspondence with the Society of Chief Officers of Environmental Health in Scotland.
- ◀ 54 Budget briefing, COSLA, December 2017.
- ◀ 55 [*Protecting consumers*](#) , Audit Scotland, January 2013.
- ◀ 56 Local environmental quality in decline, an update, Keep Scotland Beautiful 2017.
- ◀ 57 APSE performance network, 12 councils reported data on fly tipping.
- ◀ 58 *The Future of Money Advice Services in Scotland*, Improvement service, 2017.

Local government in Scotland

Challenges and performance 2018

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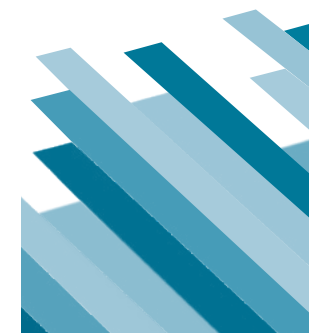
www.audit-scotland.gov.uk 

ISBN 978 1 911494 52 2

This publication is printed on 100% recycled, uncoated paper

Local government in Scotland: Challenges and performance 2018

ACCOUNTS COMMISSION 



Key messages

- 1** Local government in Scotland continues to operate in a complex and changing environment that involves increasing levels of uncertainty. While details of the terms for the UK's withdrawal from the European Union are not yet clear, there will be significant and profound implications for our 32 councils. Meanwhile, the Scottish Government remains committed to a significant pace of public sector reform, with some major changes for local government at key stages of implementation. These events are taking place in the overall context of substantial reductions in public spending alongside increasing demand for many local public services.
- 2** Developing new ways of working – or transformational change – is now an essential part of the agenda for councils as they respond to these challenges. Delivering savings is becoming increasingly critical, with forecast funding gaps higher than current levels of reserves for some councils. Where councils have properly scoped, resourced and managed their transformational work, they are more likely to successfully deliver sustainable service change. Cohesive, decisive leadership is required that brings officers, councillors and their communities together to address the major challenges councils face.
- 3** Councils are engaging with the increasingly difficult task of managing the competing priorities of reducing costs and maintaining services for an ageing population. Under current arrangements, some councils can expect to see government funding reduced further than others as their overall population falls but their older population grows and demand for key services, such as social care, increases. Councils are also implementing significant policy and legislative changes, some of which increase expectations on, or the duties of, councils and many will have additional resource implications. The detail of what these changes will mean is not yet clear in some cases.

- 4** Councils have done a considerable amount to manage the impact of continued budget reductions, and national indicators suggest they have maintained or improved performance in a number of areas. However, there is also evidence that budget cuts are having an impact on services, and customer satisfaction levels have fallen. Some services are not keeping up with demand and there is a risk that quality is being affected. Smaller services, which often include important regulatory functions, have borne the brunt of funding reductions although the impact of this on these services is not always made clear. In making difficult choices, councils need to continue to work with communities to understand the impact of reduced spending on services and communities and to clearly report this to the public.
-

Recommendations


While councils have done much to reduce spend, deliver services differently and work with their communities, financial and population pressures are likely to continue. Effective leadership and robust planning is more important than ever to ensure council services remain sustainable.




Councils should ensure they are continuously improving their work in key areas by:

- looking to the future:
 - continuing to improve understanding on how the landscape within which their council operates may change, by considering its demographics, the public spending environment and policy changes
 - using this information to inform council priorities
 - developing long-term financial and scenario planning that takes these factors into account and considers the impact on all their services and their users
 - considering how to make the most of new technology, for example streamlining processes and communicating differently with service users
- working with communities - so that they are actively involved in decision-making, know the effect decisions are expected to have on services and communities and see the impact of community empowerment



- focusing on the delivery of priority outcomes through:
 - working with communities to understand their needs
 - establishing effective cross-party relationships to work together and make the sometimes difficult decisions needed to achieve the council's priorities
 - clearly linking budgets to plans and outcomes
 - establishing robust change strategies and developing realistic plans for transforming services, which incorporate:
 - effective leadership and good governance arrangements
 - robust options appraisal
 - strong financial management
 - properly scoped and resourced plans
 - ensuring change strategies are supported by:
 - 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
 - evaluating and reporting:
 - the impact that significant budget reductions, savings, workforce changes and service redesign are expected to have and have had on service delivery and quality
 - use the data collected and monitored to report publicly on the quality of services, as well as user satisfaction with those services.
-

Scrutiny tool checklist for councillors



This scrutiny tool captures a number of potential questions for councillors and relates to our report [Local government in Scotland: Challenges and performance 2018](#) . It is designed to provide councillors with examples of questions they may wish to consider to help them better understand their council's position and to scrutinise performance.

How well informed am I?		
Questions for councillors to consider	What do I know?	Do I need to ask any further questions?
Community empowerment (paragraphs 7 to 12) 		
How are you involving local communities and empowering them to design and deliver services that suit local need?		
Does your council have regular discussions with communities about service priorities and what level of service the council can afford to provide in the future? What is your role as a councillor in this?		
Training for councillors (paragraphs 13 to 16) 		
Do you know what training is available to help you fulfil your duties?		
Does the training meet your needs? If not, do you know who to speak to?		
Factors affecting demand for services and council funding (Exhibit 1 and paragraphs 24 to 33) 		
Have you considered how policy and legislative change will affect how your council operates?		
Have you considered the demographics of your council and how this will impact on service delivery and funding in the future?		


How well informed am I?

Questions for councillors to consider	What do I know?	Do I need to ask any further questions?
Financial planning (paragraphs 34 to 38) 		
Does your council have medium and long-term financial plans in place?		
Does your council link budgets to plans and outcomes and report on these?		
Making savings and generating income (paragraphs 39 to 51) 		
Does your council have the right structures in place to ensure that all your efficiency, improvement and transformational approaches are working together to maximise savings?		
How is your council looking to maximise income?		
Does your council compare its policies and priorities to raise income with other councils?		
Does your council have an organisation-wide workforce plan? Does it contain information about the numbers, costs, and skills of the actual and desired workforce?		

How well informed am I?

Questions for councillors to consider	What do I know?	Do I need to ask any further questions?
Transformation (paragraphs 52 to 65) 		
Does your transformation strategy contain plans for truly transformational change? Will it improve services and save money?		
Have you invested in the right resources for your transformation strategy to achieve its planned savings?		
Does your council have the necessary governance structures to effectively oversee and monitor its transformation activity?		
What is your council's risk appetite for transformational change? Are risks properly monitored?		
What will the financial repercussions be for your council if your transformation strategy fails to meet its savings targets?		
Does your council follow the core principals for successfully planning digital projects outlined in our <i>Principles for a digital future</i>  published in May 2017?		

How well informed am I?

Questions for councillors to consider	What do I know?	Do I need to ask any further questions?
Service performance and performance reporting (paragraphs 66 to 95) 		
How well does your council report performance to local communities? Is there a link to priorities and budgets in your performance reporting?		
Have you considered what lessons you can learn from other councils who are delivering services well?		
Do you know the impact of spending reductions on the services your council provides?		
How can you better engage with local communities to understand why public satisfaction is declining?		
How are your council and IJB managing demand for social care services? What preventative measures are available in your council?		
Do you know how budget cuts have affected your smaller services?		



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To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: Head of Early Years and Inclusion

Heading: Audit Scotland Report – Early Learning and Childcare

1. Summary

- 1.1. Audit Scotland published a report, [Early learning and childcare](#) on 17 February 2018. The report considered the implementation of the policy to provide children aged 3 and 4 and eligible 2-year olds with 600 hours of funded early learning and childcare. The report also looked at the planning for the expansion of funded early learning and childcare to 1140 hours in 2020.
- 1.2. Audit Scotland set the following question: How effectively are the Scottish Government and councils working together to improve outcomes for children and support parents by expanding access to funded ELC? The report produced focused on two areas:
 - delivering the expansion to 600 hours of funded early learning and childcare; and
 - planning for the extension to 1140 hours of funded early learning and childcare.
- 1.3. The Audit Scotland report considers the position in Scotland up to the end of December 2017. The Scottish Government announced the financial settlement for local authorities to implement the expansion of funded early learning and childcare from the present 600 hours to 1140 hours on 1 May 2018.

- 1.4. Audit Scotland highlight actions required by the Scottish Government and local authorities to ensure delivery of the current 600 hours of funded early learning and childcare. Section 4 of this report notes the actions and indicates the position in Renfrewshire.
 - 1.5. Section 5 of this report highlights the recommendations from Audit Scotland in relation to the planning for the delivery of the expansion of funded hours from the present 600 hours to 1140 hours. The Renfrewshire position is noted in Section 5.
-

2. Recommendations

- 2.1 It is recommended that the Board notes the contents of this report.
-

3. Background

- 3.1 Currently, under the Children and Young People (Scotland) Act 2014, children aged 3 and 4 years and eligible 2-year olds are entitled to 600 hours of funded early learning and childcare per annum. Renfrewshire Council has fulfilled this duty by ensuring that parents can access their child's entitlement from the following services:
 - 12 local authority pre-five centres;
 - 22 nursery classes; or
 - 33 partner providers in the independent or voluntary sector.
- 3.2 The Scottish Government is committed to increasing the level of funded early learning and childcare from the current level of 600 hours to 1140 hours per annum by 2020. Children's Services submitted an expansion plan to the Scottish Government in March 2018. The work on delivering the expansion plan for Renfrewshire is being progressed by Children's Services supported by other services across the Council.
- 3.3 Audit Scotland reviewed the delivery of the current policy of 600 hours of funded early learning and childcare. The audit also considered the planning for expansion to 1140 hours of funded early learning and childcare. The report, Audit Scotland set the following question: How effectively are the Scottish Government and councils working together to improve outcomes for children and support parents by expanding access to funded ELC? The report produced focused on two areas:
 - delivering the expansion to 600 hours of funded early learning and childcare; and
 - planning for the extension to 1140 hours of funded early learning and childcare.

3.4 The specific audit questions were:

- What are the objectives of, and evidence underpinning, the policy of increased public funding of ELC, and how does this link with wider Scottish Government policy goals?
- How effectively are the Scottish Government and councils working together to deliver the policy objectives of expanding funded hours of ELC, and how are they assessing the cost and impact?
- How is 600 hours of ELC being implemented locally and what are the views of parents and carers about the impact it has on their lives?
- What are the main challenges around expanding provision to 1,140 hours and are there plans in place to address these?

3.5 The audit found that the policy was consistent with the Scottish Government's strategic objective of improving the lives of children and families. Audit Scotland found that the Scottish Government and councils are working well together to deliver the funded early learning and childcare provision. The views of parents around the provision of funded early learning and childcare was in the main positive. Finally Audit Scotland highlighted risks around the ability of local government to deliver the increase in funded early learning and childcare by 2020. The two major risks identified are the ability to deliver the infrastructure and availability of the workforce. These two risks have been identified in the Renfrewshire plan.

4. Implementation of 600 hours of funded early learning and childcare

4.1 Audit Scotland highlighted a number of actions they consider require to be taken to ensure the delivery of the current 600 hours of funded early learning and childcare in line with the national policy. Two recommendations were for the Scottish Government, two jointly for the Scottish Government and councils and one for councils.

4.2 Audit Scotland indicated that the Scottish Government should:

- Work with the Department for Work and Pensions (DWP) and HM Revenue and Customs (HMRC) to allow councils to receive information on eligible two-year-olds so they can more accurately target eligible families.
- Update the statutory guidance to clarify the distinction between flexibility and choice. This will help ensure councils understand what is required and parents understand what they can reasonably expect from their council.

4.3 Audit Scotland recommended that the Scottish Government and councils should:

- Develop better links between the increase in funded hours and programmes to support parents, at a local and national level, into work, training or study.

Renfrewshire has the highest level of take up for entitled 2-year olds in Scotland. In Renfrewshire we are reaching 19% of entitled 2-year olds against 7% across Scotland. Children's Services continues to promote access to funded early learning and childcare for entitled 2-year olds through a variety of medium and links with employability services.

- provide clearer information for parents to help them understand how funded early learning and childcare is provided locally.

The Children's Services website has been updated to provide clear information for parents on the entitlement to funded early learning and childcare.

4.4 Audit Scotland recommended that Councils should:

- Develop commissioning strategies for funded early learning and childcare that set out information on demand, capacity, cost, quality, flexibility and parental preferences.

Renfrewshire has a framework arrangement in place to ensure that parents have a range of choices when considering how to access the funded early learning and childcare entitlement. Renfrewshire has one of the highest levels of provision provided by independent and third sector partners in Scotland. The present framework expires at the end of July 2019 and the new commissioning framework will reflect the recommendation from Audit Scotland.

5. Planning for the expansion of funded early learning and childcare to 1140 hours and reduce the risks of failing to deliver on time.

5.1 Audit Scotland made two specific recommendations for the Scottish Government on the planning for the expansion of funded early learning and childcare. Three joint recommendations were made for the Scottish Government and councils to respond to.

5.2 The recommendations for the Scottish Government are they should:

- Update the statutory guidance following agreement on important aspects of 1140 hours, such as funding follows the child and delivering flexibility.

- Continue to develop the detail of how they will evaluate the expansion to 1140 hours and ensure baseline data is available.

5.3 Audit Scotland recommended that the Scottish Government and councils should:

- Urgently finalise and implement plans for changes to the workforce and infrastructure to address the significant risks of not being able to deliver on time.

Renfrewshire is working on the expansion plan with specific workstreams focusing on workforce planning and infrastructure. A Steering Board has been established to oversee the planning and delivery of the expansion of funded early learning and childcare.

- Collect better information on the cost of different models of early learning and childcare and their impact on children's outcomes to allow them to better plan for the expansion.

Renfrewshire Children's Services is developing a range of key performance indicators for consideration by the Steering Board which will address this recommendation.

- Work with partner providers of both funded and non-funded early learning and childcare to understand the impact of decisions on the wider system of early learning and childcare and reduce the risk of unanticipated consequences for these providers.

Children's Services has established a regular forum with independent and third sector providers on the partnership framework to review the impact of the expansion of funded early learning and childcare on their services. The plan is to extend an invitation to other providers not presently on the framework to ensure that they are able to contribute to planning for expansion in Renfrewshire.

Implications of the Report

1. **Financial** - The Scottish Government has advised local authorities of the level of funding for the expansion of funded early learning and childcare. The costs of expansion in Renfrewshire will be contained within the available resources.
2. **HR & Organisational Development** - The Early Years Steering Board is presently developing a workforce plan to ensure that there are sufficient staff available to the authority to allow delivery of the expansion of funded early learning and childcare.

3. **Community/Council Planning –**
4. **Legal** - Renfrewshire will comply with the duty to provide funded early learning and childcare for all 3 and 4 year and eligible 2-year olds.
5. **Property/Assets** - The Steering Board is reviewing the implications of the expansion of funded early learning and childcare. There are plans being progressed to ensure that Renfrewshire's property portfolio is suitable to meet the needs of children and deliver the expansion in funded hours.
6. **Information Technology** - None
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - None
9. **Procurement** – There will be a need to develop a framework with providers in the independent and third sector for the delivery of funded early learning and childcare. Work on this is being progressed as part of the expansion planning being overseen by the Steering Board.
10. **Risk** – The major risks are failing to deliver the infrastructure and staff required to support the expansion and the ability of the independent and third sector to meet the needs identified. These three areas are being addressed under the expansion planning and overseen by the Steering Board.
11. **Privacy Impact** – None.
12. **Cosla Policy Position** – None

List of Background Papers

None

JT/LG
16 July 2018

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To: Audit, Risk and Scrutiny Board

On: 27th August 2018

Report by: Director of Finance & Resources

Heading: **Update on Council response to
'Report of the Independent Inquiry into the Construction of
Edinburgh Schools' and the related
Audit Scotland '2016/17 audit of The City of Edinburgh Council -
Report on Edinburgh schools'.**

1. **Summary**

The purpose of this report is to

- 1.1 Provide Elected Members with an update on the Council's response to the 'Report of the Independent Inquiry into the Construction of Edinburgh Schools' and advise on the implications of Audit Scotland's '2016/17 audit of The City of Edinburgh Council - Report on Edinburgh schools'.
-

2. **Recommendations**

It is recommended that the Board

- 2.1 notes the content of this Report and in particular the steps taken by the Council to address the Inquiry recommendations as set out in Appendix 1.

3. **Background**

- 3.1. There has been widespread media coverage of ongoing structural issues in the design and construction of PPP schools commissioned by Edinburgh City Council.

- 3.2. The City of Edinburgh Council subsequently commissioned Professor John Cole to investigate matters leading to the structural issues and potential 'lessons learned' from the experience.
- 3.3 Professor Cole published his report, "Report of the Independent Inquiry into the Construction of Edinburgh Schools" on 9 February 2017.
- 3.4 The full report is available from the Head of Property Services (Ext 6159). or [Independent inquiry into school closures published | Independent inquiry into school closures published | The City of Edinburgh Council](#)
- 3.5 The Scottish Government has instructed the Scottish Futures Trust (SFT) to consider the Inquiry's Report/Recommendations and will issue further guidance in due course if considered necessary. Officers will of course continue to liaise with SFT to consider and input into matters arising.
- 3.6 A Report, 'Council response to 'Report of the Independent Inquiry into the Construction of Edinburgh Schools' was noted by the Finance, Resources and Customer Services Policy Board (07 June 2017).
- 3.7 Appendix 1 (of this update report) provides an updated commentary on the Independent Inquiry Report's Recommendations particularly pursuant to the Renfrewshire Council PPP and non PPP estate.
- 3.8 Further to the Independent Inquiry, Audit Scotland published the '2016/17 audit of The City of Edinburgh Council - Report on Edinburgh schools' (03 April 2018) noting implications for all Councils.
- 3.9 The full Report is available from the Head of Property Services (Ext 6159) or <http://www.audit-scotland.gov.uk/report/201617-audit-of-the-city-of-edinburgh-council-report-on-edinburgh-schools>
- 3.10 This Audit Scotland Report recognises the actions generated from the Professor Cole report and also highlights the importance of all Councils in Scotland undertaking regular, comprehensive structural risk assessments and inspections on public buildings.
- 3.11 Environment & Infrastructure are currently assessing the site survey requirements as well as the potential works arising requirements to establish programme and funding implications to progress per recommendation.
- 3.12 Scottish Ministers have also initiated a Ministerial Working Group (MWG) which is overseeing a review of building and fire safety regulatory frameworks and other relevant matters. Any guidance issued will of course be considered in due course.

Implications of the Report

1. **Financial** – As per report
2. **HR & Organisational Development** – Not Applicable.
3. **Community Planning** – Not Applicable
4. **Legal** – As per report
5. **Property/Assets** – As per report.
6. **Information Technology** – Not Applicable
7. **Equality & Human Rights**.
- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** – Not Applicable.
9. **Procurement** –Not Applicable.
10. **Risk** – Not Applicable.
11. **Privacy Impact** – Not Applicable.

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- APPENDIX 1

EDINBURGH SCHOOLS: INQUIRY RECOMMENDATIONS – UPDATE 20180827

1. PROCUREMENT RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
1.1 - Expertise and resources Public sector bodies engaged in the procurement of public buildings should maintain, or have assured access to, a level of expertise and resources that allows that body to act as an 'intelligent customer' in undertaking transactions with Private Sector Construction Companies. Before commencing a programme of work or an individual project, a public body should first assess this requirement and ensure that it has in place the requisite and appropriate resources in terms of governance arrangements, type of expertise, allocated time and the funding required to enable it to act as an 'Intelligent Customer'.	<p>Property Services: Property Services delivers a modern, efficient service through two sections: Technical Services & Asset and Energy Management Services. Technical Services provide a multi disciplinary design consultancy offering expert design and management services to the Council's building portfolio. Asset and Energy Management Services manage the Council's assets and provide energy management services & advice. All sections of the Council have access to and use these services to allow the Council to act as an 'intelligent customer'.</p> <p>Health & Safety Section: The Finance and Resources, HR OD and Workforce Planning, health and safety section will provide competent advice and guidance to all services across the council.</p> <p>Procurement: The Strategic Procurement and Commercial Unit (SPCU) provide professional procurement support and guidance to Council Services to support the</p>	<p>The Scottish Government has instructed the Scottish Futures Trust (SFT) to consider the Inquiry's Report/ Recommendations and will issue further guidance in due course if considered necessary.</p> <p>A Ministerial Working Group has been established to review building and fire safety regulatory frameworks and other relevant matters.</p> <p>Property Services will of course continue to liaise with SFT and Scottish Government to consider and input into matters arising</p> <p>(This action is repeated in a number of Recommendations below and is abbreviated as 'Property Services to liaise with SFT/SG.)</p> <p>SPCU</p>	Property Services	Complete and ongoing.

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
	<p>delivery of all projects with a value over £10k. Each service area has a dedicated Strategic Commercial Category Manager (SCCM) who works closely with the service areas, helping to guide early discussions around option appraisals, route to market and developing the most appropriate procurement strategy. All contracts are tendered in accordance with the relevant Procurement Legislation and Regulations, the Councils Contract Standing Orders and our robust internal governance ensuring a fair and transparent approach to evaluation and award of contracts. The SCCM remains available to the service to assist with contract and supplier management throughout the delivery of the project.</p> <p>As part of the tender process, the technical capability of bidders is reviewed along with the Health and Safety and proposed method of works, to ensure only contractors who have demonstrated they can deliver the required works are appointed.</p>			
<p>1.2 - Ensuring compliance with specification In any construction contract let by a public body, the public body should ensure that due diligence is undertaken at an appropriate level to confirm that the requirements of that contract are actually delivered in accordance with the terms of that contract. The level of due diligence applied should be determined through an informed assessment of risk of the likelihood or implications of non-compliance.</p>	<p>Property Services: Property Services use an in house (supplemented by external) Project Management resource to administer and confirm delivery of project requirements. Resource is based on complexity and value of contracts.</p> <p>Procurement: Where concerns relating to compliance are raised, the SCCM is available to support the Service in meeting with the Contractor regarding contract delivery and compliance in accordance with the terms of the contract.</p>	Property Services to liaise with SFT/SG.	SCPU	Complete and ongoing.

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
	Tenders for works include detailed specification requirements and potential contractors are required to confirm their compliance with the specification or provide details where there is any proposal to deviate from the specification. Where these are not acceptable to the Council the tender may be rejected.			
<p>1.3 - Public bodies cannot delegate duties In seeking to transfer as much risk as possible away from themselves in relation to the design and construction of facilities, public bodies should understand that they cannot delegate to others the duty that they ultimately owe to the public to ensure the provision of a safe environment for the delivery of services to their communities and this should inform their approach to their quality assurance processes of projects. There should always be an appropriate level of independent scrutiny in relation to all aspects of design and construction that are in effect largely or partly self-certified by those producing them.</p>	<p>Property Services: As 1.2 above, Property Services use Project Management (PM) resources to administer and confirm delivery of project requirements. This includes 'Design & Build' projects where the design is undertaken by a 'Design & Build contractor'. The PM, supplemented by the in house design team, provide scrutiny through the tender process and construction period.</p> <p>Procurement: As detailed in 1.1 allocation of risk is considered as part of the Procurement Strategy ensuring that any required measures for independent scrutiny are built into the tender documentation and the specification.</p>	Property Services to liaise with SFT/SG.	Property Services SCPU	Noted and ongoing.
<p>1.4 - Building it right first time The procurement strategies adopted by public bodies should include appropriate investment in the provision of informed independent scrutiny of projects when they are being designed and constructed so that they are built right first time, rather than clients subsequently seeking to rely on their ability to seek remediation or compensation if they are not. It is the view of the Inquiry that seeking savings through cutting investment in quality assurance is inevitably a false</p>	<p>Property Services: As 1.2 above, Property Services use Project Management (PM) resources to administer and confirm delivery of project requirements. This includes 'Design & Build' projects where the design is undertaken by the 'Design & Build contractor'. The PM, supplemented by the in house design team, provides scrutiny through the tender process and construction period.</p>	Property Services to liaise with SFT/SG.	Property Services	Noted and ongoing.

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
economy.	<p>Procurement: The Procurement Strategy considers the appropriate Quality:Cost ratios for each procurement carried out. The cost of the contract is not the only consideration when awarding contracts for works.</p>		SCPU	
<p>1.5 - Quality of design and construction</p> <p>□ There should be a more informed approach among public bodies as to how best practice methodologies aimed at optimising the quality of design and the quality of construction can be incorporated into the current models of procurement of public buildings, whilst maintaining other benefits of these processes. One key element of such processes is a clear and considered articulation in a comprehensive brief by the client of the quality objectives for a project and of the methodology to be used for ensuring the achievement of that quality in both the design and construction phases.</p> <p>□ Appropriate time and resource should be allocated by clients during the initial stages of a project and during the development of the brief in order to establish and clearly define these quality objectives and approaches to ensuring quality.</p>	<p>Property Services: Property Services use (PM) resources to administer and confirm delivery of project requirements. This includes 'Brief Development' with Clients to determine project objectives.</p> <p>Procurement: As part of the tender process requirements for monitoring and key performance indicators are considered during the procurement strategy development and where appropriate are built into the contract conditions and specifications.</p>	Property Services to liaise with SFT/SG.	<p>Property Services</p> <p>SCPU</p>	Noted and ongoing.

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status

2. INDEPENDENT CERTIFIER RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
2.1 - Nature of Inspection <ul style="list-style-type: none"> <input type="checkbox"/> There would appear to be a lack of shared understanding, both by those commissioning and providing the services of Independent Certifier in PPP forms of contracts, with regard to the level of inspection to be undertaken by the Independent Certifier and the degree of reliance that clients can place on the issue of Availability Certificates as to the quality of the construction. <input type="checkbox"/> The level of service provided by Independent Certifiers needs to be reviewed and contracts of appointment written to reflect what clients actually require of the role, so that clients better understand exactly what they are getting and providers of the service better understand what is required of them. Standard forms for these appointments should spell out the nature of the inspection required. <input type="checkbox"/> The Inquiry is of the view that one possible model or option to overcome the type of issues identified in the PPP1 project would be to extend the range of services required in the appointment of Independent Certifiers to include the provision and management of Clerks of Works services. 	Property Services: Noted	There are currently no proposals for any further PPP/PFI/NPD projects. Should this position change at any time in the future the Inquiry comments and Recommendations regarding Independent Certifier will be considered at that time.		N/A
2.2 - Professional indemnity insurance and Liability Period <ul style="list-style-type: none"> <input type="checkbox"/> The level of professional indemnity insurance sought and the liability period for Independent Certifiers should be assessed to properly and appropriately reflect the significance of their Certification processes and the degree of reliance that is to be placed on it. 	Noted. As 2.1 above.			N/A

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
2.3 - Method of appointment of Independent Certifier Given the essential requirement that those undertaking the role of Independent Certifier are truly independent, the appointment of Independent Certifiers should be made following properly advertised and conducted public procurement processes and not through nomination or recommendation by the private sector party (as appears frequently to have been the case).	Noted. As 2.1 above.			N/A
2.4 - Fees of Independent Certifier The fees for undertaking the Independent Certifier role should reflect the level of service required, rather than the service being restricted to fit a predetermined budget.	Noted. As 2.1 above.			N/A
2.5 - Independent Inspection of the Works <input type="checkbox"/> Public sector clients should engage appropriately qualified individuals or organisations with the necessary professional construction expertise to undertake on their behalf an appropriate level of ongoing inspection of the construction of their buildings. This is in order to identify and report defective work to the client and to ensure proper rectification of same. <input type="checkbox"/> Depending on the nature of the project, this inspection role, at the level at which the defects in the Edinburgh PPP1 schools occurred, is traditionally undertaken by a combination of resident architects, resident engineers and Clerks of Works, the use of whom has dramatically reduced over recent years, yet the essential role they played does not appear to have been effectively provided for by alternative arrangements within the forms of procurement currently in vogue. <input type="checkbox"/> Clients need to reappraise this gap in the	Noted. As 2.1 above. Property Services: Property Services use in house (supplemented by external) resources to provide construction period inspection services. The level of inspection is determined by the scale and complexity of project and can include Clerks of Works, Supervisor or Resident Architect.	Property Services to liaise with SFT/SG.	Property Services	Complete and ongoing.

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
3.2 - Role of design teams in inspecting works on site If clients do not wish to prescribe in their tender documentation the minimum level of services which they require to be provided by design team members when employed by a contractor, public sector clients should at least require that submitted tenders include a full description of the proposed scope of design team services, including any proposed role in the inspection of the works on site. This, in addition to the quality of the proposed design team or proposed design, should be important factors in the assessment of such tenders.	Property Services: Agreed and noted.	Property Services to liaise with SFT/SG. Future Design and Build contracts to include a full description of the proposed scope of design team services, including any proposed role in the inspection of the works on site.	Property Services	Noted and ongoing.
3.3 - Notification of issues to public sector client The Inquiry is of the view that, where possible, there should be a mandatory provision built into such contracts that where, to the knowledge of a professional design team member, a contractor has failed to take appropriate action as advised by a member of the professional design team on issues that could impact on the subsequent safety of building users or functionality of the building, the consultant in question should be required to inform the public sector client of the advice provided to the contractor.	Property Services: Agreed and noted.	Property Services to liaise with SFT. Future Design and Build contracts to include a full description of the proposed scope of design team services, including any proposed role in the inspection of the works on site.	Property Services	Noted and ongoing.

4. INFORMATION SHARING RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
4.1 - Production, retention and updating of information <input type="checkbox"/> The production, retention and updating of accurate construction and operational information and related documentation on projects should be regarded as a fundamental requirement and requires a systematic and disciplined approach by all parties to the contract. <input type="checkbox"/> Public bodies should establish a mandatory protocol for receipt and processing of all such project information within their own organisations.	<p>Property Services: The timeous provision of 'As Built' and Operating and Maintenance Manuals' from Contractors has been an issue in the construction industry for many years albeit there has been improvement as a result of the Construction Design and Management (CDM) Regulations and industry embracing Building Information Modelling. (BIM).</p> <p>Health & Safety Section: The Finance and Resources, HR OD and Workforce Planning, health and safety section will ensure that the corporate governance documentation will be available and revised in line with legislation and best practice, and will ensure, where reasonably practicable to do so, that Services across the council adhere to this.</p>	Property Services to liaise with SFT/SG.	<p>Property Services</p> <p>Corporate H&S</p>	Noted and ongoing.
4.2 - Provision of as-built drawings <input type="checkbox"/> The process of producing as-built drawings is frequently included in appointment documents as a requirement of the design team. In evidence to the Inquiry, design team members have stated a practical limitation on them in that they may be unaware of the detail of on-site changes to the issued design drawings or specifications that may be made by the contractor or its	<p>Property Services: As 4.1 above, the timeous provision of 'As Built' and Operating and Maintenance Manuals' from Contractors has been an issue in the construction industry for many years albeit there has been improvement as a result of the Construction Design and Management (CDM) Regulations and industry embracing Building Information Modelling. (BIM).</p>	Property Services to liaise with SFT/SG.	Property Services	Noted and ongoing

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>supply chain.</p> <p><input type="checkbox"/> Contractors should be required to put in place appropriate arrangements for the recording of all subsequent changes to final 'construction issues' drawings and arrange for the production of a final as-built set of documents to a standard suitable for issue to the client for retention as a permanent record of the detail of the project.</p> <p><input type="checkbox"/> Contractors should also be required to certify that the 'as-built' documentation as provided is an accurate record of what has actually been built.</p> <p>4.3 - Provision of as-built drawings to Building Control</p> <p>It is also recommended by the Inquiry that consideration be given to the requirement for 'as built' drawings as prepared for and certified by the Contractor to be submitted to Building Standards as a definitive record of what was built. This could be a formal part of the Completion Certificate process.</p>	<p>Health & Safety Section: The Finance and Resources, HR OD and Workforce Planning, health and safety section will ensure that the corporate governance documentation will be available and revised in line with legislation and best practice, and will ensure, where reasonably practicable to do so, that Services across the council adhere to this.</p> <p>Building Standards: Subsection (1) of section 8 of the Building (Scotland) Act 2003 sets out when a building warrant or an amendment to building warrant is required. The person carrying out the work or the owner of the building should ensure that adequate procedures are in place to monitor when a building warrant or an amendment to building warrant may be required. When a building warrant is approved, the approved plans are kept within Part 2 of the Building Standards Register. The provision of as built drawings being submitted as part of the completion certificate process would appear to duplicate these requirements.</p>		<p>Corporate H&S</p> <p>Building Standards</p>	

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>4.4 - On-site accessibility of design information</p> <p>□ It is critical that there is effective communication of essential design information in an accessible form to tradesmen such as bricklayers working on site. In relation to the construction of walls and the incorporation of related structural accessories, in order to avoid mistaken omissions of accessories such as wall ties, head restraints or bed joint reinforcement, it is recommended that all relevant information should be fully integrated into a single document, rather than requiring reference by bricklayers to a range of different documents produced by different members of the design team.</p> <p>□ The design and construction professions should consider the need for the development of a better approach to the integration of documentation to reflect the practical needs associated with the implementation of design information in a building site environment.</p> <p>□ From the evidence provided to the Inquiry, there was a unanimous view that a comprehensive set of all such information in regard to the construction of external cavity walls should be provided on a document produced by the structural engineering consultants.</p>	<p>Property Services: Agreed and noted.</p> <p>Health & Safety Section: The Finance and Resources, HR OD and Workforce Planning, health and safety section will ensure that the corporate governance documentation will be available and revised in line with legislation and best practice, and will ensure, where reasonably practicable to do so, that Services across the council adhere to this.</p>	<p>Property Services to liaise with SFT/SG.</p> <p>Future cavity wall specifications to include integrated document to include comprehensive description of the proposed design.</p>	<p>Property Services</p> <p>Property Services</p> <p>Corporate H&S</p>	Noted and ongoing
<p>4.5 - Communication of design intent</p> <p>□ The evidence to the Inquiry suggested that the design intent in relation to the importance to the structural integrity of masonry panels of the proper installation of wall accessories and secondary steelwork, may not always be adequately conveyed in design documentation</p>	<p>Property Services: Agreed and noted.</p>	<p>Property Services to liaise with SFT/SG.</p> <p>Future masonry panels specifications to include integrated document to include</p>	<p>Property Services</p> <p>Property Services</p>	Noted and ongoing

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>and may not be fully understood by those reviewing the documentation (or perhaps more importantly by those actually building the walls).</p> <p>□ Structural engineers should be required to describe in their documentation and drawings the approach and design philosophy adopted in their designs in terms of the reliance on the inclusion of bed joint reinforcement, wall head and lateral restraints or windposts in the required locations and in accordance with the specification, and the relative inter-dependence of these various components.</p>		<p>the approach and design philosophy adopted in their designs in terms of the reliance on the inclusion of bed joint reinforcement, wall head and lateral restraints or windposts in the required locations and in accordance with the specification, and the relative inter-dependence of these various components.</p>		
<p>4.6 - Structural amendments to be approved</p> <p>The approved building warrant system relies on buildings being constructed in accordance with the approved drawings. Contractors should ensure that any amendments to the structural design of buildings should only be implemented after having undertaken any necessary checks or amendment to the design by the structural engineer and any changes to the approved design should be documented and processed in compliance with the statutory obligations imposed by the Buildings Standards regulations under the amendment to warrant process.</p>	<p>Property Services: Agreed and noted.</p> <p>Building Standards: Agreed, subsections (1) and (2) of section 8 of the Building (Scotland) Act 2003 set out when a building warrant is required and make it an offence not to have one when it is required. The person carrying out the work or the owner of the building should ensure that adequate procedures are in place to monitor when an amendment to building warrant may be required.</p>	<p>Property Services to liaise with SFT/SG.</p>	<p>Property Services</p> <p>Building Standards</p>	<p>Noted</p>
<p>4.7 - Access to original construction information</p> <p>□ The City of Edinburgh Council was not automatically provided with all relevant design, construction and survey information relating to the original construction, the subsequent investigations and the implementation of the remedial works to the PPP1 schools. In response to requests for elements of this information, the Council was advised by various members of the supply chain that it did</p>	<p>Environment & Infrastructure: Noted. Refer to Legal Services</p>	<p>There are currently no proposals for any further PPP/PFI/NPD projects. Should this position change at any time in the future the Inquiry comments and Recommendations regarding Independent Certifier will be considered at that time.</p>		<p>N/A</p>

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>not have a direct contractual right to this information and would have to seek it through the various levels of ESP's supply chain, including members of their original supply chain who may be out of contract.</p> <p>□ PPP contract arrangements should incorporate clearly the right for public sector clients to be provided, by members of current and original PPP supply chains (and where relevant in return for an appropriate fee), with copies of all design and technical information, surveys, proposed amendments and as built documentation in relation to their projects.</p>				

5. CONSTRUCTION RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>5.1 - Building of leaves of cavity walls separately</p> <p>The evidence from this Inquiry suggests that the subsequent practical difficulties that arise from building the inner and outer leaves of cavity walls at different times may have been significant contributory factors in the lack of embedment of wall ties achieved. The construction industry should carefully review this practice and if the separate building of the leaves of cavity walls is still required to achieve programme dates, it is recommended that standard wall ties should not be used and instead be replaced by alternative approved ties or by alternative construction to blockwork for the inner leaf e.g. use of structural framing systems.</p>	<p>Property Services: Agreed and noted.</p> <p>Health & Safety Section: The Finance and Resources, HR OD and Workforce Planning, health and safety section will ensure that the corporate governance documentation will be available and revised in line with legislation and best practice, and will ensure, where reasonably practicable to do so, that Services across the council adhere to this.</p>	Property Services to liaise with SFT/SG.	Property Services	Noted

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
5.2 - Design of wall ties There would be significant benefit if the design of wall ties, particularly the type used on the Oxfangs School, more readily enabled both those laying the bricks and those inspecting cavity walls before closure, to determine that the minimum or recommended embedment of wall ties was being or had been achieved. Clearer calibration or marking of these points through the introduction of colour, texture or shape could assist in this process, by making the level of embedment more clearly visible.	Property Services: Agreed and noted.	Property Services to liaise with SFT/SG.	Property Services	Noted
5.3 - Design and use of head restraints <input type="checkbox"/> There may be benefit in designers, contractors and manufacturers reviewing the practical complexity of installing the different forms of head restraints, particularly when being connected to sloping beams, and seeking to simplify this in terms of specification, design and fixing of this component, thereby reducing the time required to fit them and any potential reluctance on the part of bricklayers to install them. <input type="checkbox"/> As in the case of the wall ties, it would be beneficial if they were designed to incorporate some visible indicator to prove in any subsequent inspections that they had actually been fitted, thus preventing the need for avoidable intrusive investigations.	Property Services: Agreed and noted.	Property Services to liaise with SFT/SG.	Property Services	Noted
5.4 - Payment of bricklayers The most common method of paying bricklayers in recent years has tended to be based on the number of bricks laid rather than on the time that bricklayers work. As generally applied, this approach would appear not to take account of the number, type and complexity of accessories that are required to be incorporated. The construction industry	Property Services: Agreed and noted. Environment & Infrastructure: Building Services - bricklayers are paid a salary. There is no bonus system in place.	Property Services to liaise with SFT/SG.	Property Services	Noted

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>should seek to review this approach to remove any perverse incentive of the payment mechanism to encourage the omission of elements providing the essential structural integrity of walls.</p>				
<p>5.5 - Contractor quality assurance processes</p> <p><input type="checkbox"/> The quality assurance processes applied by the contractors on the PPP1 projects failed to identify or rectify fundamental non-compliance with required standards in the construction of masonry walls. Irrespective of the potential role of independent inspections by agents of the client, such failures are and remain the direct responsibility of the contractor.</p> <p><input type="checkbox"/> The repeated failures across many different projects would suggest that either the quality assurance processes themselves or the manner in which these processes are implemented have frequently proved inadequate.</p> <p><input type="checkbox"/> It is therefore recommended that the construction industry should seek to introduce, develop and promulgate standardised best practice methods in relation to the requirements of the related quality assurance processes, how they are implemented and who implements them.</p> <p><input type="checkbox"/> The design of such processes should consider the potential greater use of modern technology in relation to the digital recording of such areas of work.</p>	<p>Property Services: Agreed and noted.</p>	<p>Property Services to liaise with SFT/SG.</p>	<p>Property Services</p>	<p>Noted</p>
<p>5.6 - Inspection and sign-off of cavity walls</p> <p><input type="checkbox"/> It is particularly important to note that in the case of the 17 PPP1 projects, visual only inspections of the external walls of these schools, by experienced teams of qualified structural engineers, failed to identify any indications of the subsequently identified</p>	<p>Property Services: Agreed and noted.</p> <p>Building Standards: Building Standards cannot regularly monitor all aspect of construction; this is</p>	<p>Property Services to liaise with SFT/SG.</p>	<p>Property Services</p> <p>Building Standards</p>	<p>Noted</p>

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>presence of significant deficiencies in the construction of the walls.</p> <p>□ While visual inspections are clearly the first part of any structural assessment of walls and can help identify any movement, bulging or alignment issues, they should not be relied upon as evidence that the walls are properly constructed and have the required structural capacity to resist strong winds.</p> <p>□ It is therefore recommended that quality assurance processes on site are such that they prevent the closure of walls before proper inspection and sign-off has been facilitated to confirm the quality and completeness of the work.</p>	<p>particularly applicable to building elements that are concealed as the construction progresses. It is the responsibility of the relevant person to build correctly and the person carrying out the work or the owner of the building, should ensure that adequate procedures are in place to check that construction is being done in accordance with the approved plans and the building regulations.</p>			
<p>5.7 - Bricklaying profession</p> <p>□ The Inquiry is of the view that, given the widespread nature of similar defective construction across the 17 PPP1 projects, undertaken by bricklayers from different sub-contracting companies, and from different squads within these companies, there is clear evidence of a problem in ensuring the appropriate quality in this fundamental area of construction.</p> <p>□ It is therefore recommended that the construction industry should re-examine its approach to recruitment, training, selection and appointment of brick-laying subcontractors, means of remuneration, vetting of qualifications and competence, supervision and quality assurance of bricklayers.</p>	<p>Property Services:</p> <p>Environment & Infrastructure: Noted. Building Services bricklayers are fully trained via Construction Industry Training Board. All qualifications are vetted and verified.</p> <p>Procurement: The project documents issued for tender include drawings and specifications provided by appropriately qualified professionals engaged to provide design services. Materials specified require to comply with current British Standards and contract documents require that the main contractor should satisfy the requirements of the Building Standards, CDM Requirements, Health and Safety Requirements and British Standard Codes of Practice. It is a contractual requirement that sub contractors must meet the standards set out in the contract documents.</p>	<p>Property Services to liaise with SFT.</p>	<p>Property Services</p> <p>SCPU</p>	<p>Noted</p>

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>5.8 - Fire-stopping and fire-proofing</p> <p>□ Fire-stopping and fire-proofing are fundamental aspects of the safety of buildings and must be treated with the importance that they deserve due to the potential implications for the safety of building users and the risk to property as a result of defects in their incorporation into the building.</p> <p>□ There has been significant evidence of failures of fire-stopping in PPP projects in England and questions have been raised as a result of the initial surveys of fire-stopping undertaken across the 17 PPP1 projects in Edinburgh.</p> <p>□ It is recommended that, in relation to these aspects, consideration be given to the introduction of independent in-depth inspection and certification by a suitably qualified person or specialist company, in accordance with the provisions made within the Building (Scotland) Act 2003, and that this certification be required to be provided to Building Standards as evidence of fully compliant installation, prior to the approval of the Completion Certification by Building Standards.</p>	<p>Property Services: Agreed and noted. Property Services have received confirmation (20.02.2017) from Renfrewshire Schools Partnership that 'the fire alarm and sprinkler maintenance in Renfrewshire's PPP schools is fully up to date, and is compliant. Similarly with fire stopping. Fire Stopping surveys were carried out during 2016, identifying a number of isolated snags which were fully remediated by specialist contractors accredited to LPS (loss prevention standard) 1531, with passive fire stopping installation completion certificates issued for these sites. RSP are therefore satisfied that each school is fully compliant with all applicable laws and regulations and is safe from a fire safety perspective.'</p> <p>Building Standards: Any widening of the current certification of construction schemes would require to be approved by the Scottish Ministers.</p>	<p>Property Services to liaise with SFT/SG.</p> <p>Scottish Government</p>	<p>Property Services</p> <p>Building Standards</p>	<p>Noted (see 9.3)</p> <p>A Ministerial Working Group has been established to review building and fire safety regulatory frameworks and other relevant matters</p>

6. TRAINING AND RECRUITMENT RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>6.1 - Provision of training and recruitment</p> <p><input type="checkbox"/> The evidence to the Inquiry from several experienced sources suggested that there is an increasing shortage of essential skills and/or deskilling in the construction industry which is impacting on its ability to deliver and ensure the required quality of construction.</p> <p><input type="checkbox"/> Three particular areas were identified where a combination of a lack of funding, lack of appropriate training courses and lack of recognition of the level of requirement has led to serious skills shortages and difficulties in recruitment. The three areas were:</p> <p><input type="checkbox"/> Bricklaying</p> <p><input type="checkbox"/> Clerks of Works</p> <p><input type="checkbox"/> Building Standards Inspectors</p> <p><input type="checkbox"/> The appropriate authorities should undertake a review of the current level of provision of training in these areas, and any others considered relevant, to ensure that the construction industry has access to an adequate properly trained and qualified resource in each of these areas.</p>	<p>Property Services: Agreed and noted.</p> <p>Building Standards: The regulatory function provided by Building Standards requires broad based construction and legislative knowledge. The building regulations have evolved from prescriptive to performance based guidance and building designers are increasingly creating buildings which are innovative and require specialists skill sets to prove that they meet performance based codes.</p> <p>Local Authority Building Standards Scotland (LABSS) recently conducted a training survey of its members and plans are now in place to augment local training provision with national training courses covering specialist disciplines such as Fire Engineering and Simplified Building Energy Modelling (SBEM).</p> <p>Renfrewshire Council are committed to ensuring that our Building Standards officers receive regular and effective training.</p> <p>At a fundamental level, it is noted, that there is no national training course or defined level of professional expertise that</p>	<p>Property Services to liaise with SFT/SG.</p> <p>Review skill levels, training and mentoring.</p>	<p>Property Services</p> <p>Building Standards</p>	Noted

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
	relates to the Building Standards role.			
6.2 - Apprenticeships <input type="checkbox"/> In relation to the training of bricklayers, the Construction Industry Training Board (CITB) should review with the industry the effectiveness of current apprenticeship arrangements in meeting the objective of developing a highly skilled bricklaying workforce. <input type="checkbox"/> The current apprenticeship course and skills tests should also be reviewed to ensure that there is sufficient focus on understanding the function of and the practical installation of brickwork accessories.	Property Services: Agreed and noted. Environment & Infrastructure: Noted. Building Services apprentices follow the current industry guidance and comply with all of the industry standards. Should these standards be increased additional training will be put in place for all apprentices and tradespersons.	Property Services to liaise with SFT/SG.	Property Services	Noted

7. BUILDING STANDARDS RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
7.1 - Scope of Building Standards inspection and certification <input type="checkbox"/> The Inquiry formed the view that there was a common misconception as to the extent of the reliance that can be placed on the quality of construction of a building because it had successfully gone through the statutory Buildings Standards process. <input type="checkbox"/> The typical frequency of site visits and the level and nature of inspections undertaken, as provided in evidence, can only confirm that buildings are being built generally in accordance with approved warrants. <input type="checkbox"/> It would not appear to be either practical or appropriate for Building Standards Departments to be expected to undertake the type and level of detailed inspection that would be necessary to identify the risks to user	Building Standards: Any move from a risk based inspection regime towards mandated and prescribed Building Standards inspections would encourage verifiers to focus on these legal binding inspection responsibilities. In this respect, mandatory inspections, dependent upon the risk areas they focus upon, may not provide the necessary assurances that there is no compliance gap between as designed and as built buildings. A flexible and holistic risk based approach towards inspections is consistent with the intention of the building standard system and provides greater freedom to develop inspection regimes which match risk	Review current Building Standards inspection regime.	Scottish Government Planning	A Ministerial Working Group has been established to review building and fire safety regulatory frameworks and other relevant matters.

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>safety that have been identified in this Report. However, an underlying core objective of their function as expressed in the Building (Scotland) Act 2003 is 'securing the health, safety, welfare and convenience of persons in or about buildings'.</p> <p><input type="checkbox"/> To resolve this issue, there is a need for Government and the construction industry to consider the introduction of methods that would provide Buildings Standards with the required level of assurance in risk areas.</p> <p><input type="checkbox"/> In this regard, it is recommended that consideration be given to the practicality of extending the concept of mandatory inspection and certification of construction by approved certifiers to elements of the building that could potentially pose significant risk to users if not constructed properly and which level of inspection cannot practically be undertaken by Building Inspectors themselves.</p>	<p>levels.</p> <p>Mandatory Building Standards inspections, if introduced, may require changes to both primary and secondary legislation. Also, if mandatory inspections expand Building Standards' onsite presence this may have wider resourcing implications.</p> <p>Any widening of the current certification of construction schemes would require to be approved by the Scottish Ministers. Should mandatory inspection form part of an approved certifier of constructions role then this should provide reasonable levels of assurance regarding the elements of construction being certified.</p>			
<p>7.2 - Sanctions for non-compliance with Building Standards</p> <p><input type="checkbox"/> The evidence provided to the Inquiry showed a number of breaches in relation to the PPP1 schools compliance with the statutory applications and certification processes required under the Building (Scotland) Act 2003.</p> <p><input type="checkbox"/> The Inquiry noted that: (a) there does not appear to be an automatic follow up by Building Standards Departments to require compliance, where proper processes have not been complied with; and (b) that the non-application for and non-issue of completion certificates for new buildings would not appear to be an infrequent occurrence.</p> <p><input type="checkbox"/> The Inquiry would recommend that in order to improve the effectiveness of the revised Building (Scotland) Act 2005, in delivering the key stated policy objective of, 'securing the</p>	<p>Building Standards:</p> <p>A building warrant is valid for a period of three years from the day it is granted. At present, if a completion certificate has not been accepted within the three year validity period, all building warrant applicants are written to prior to the expiry of a building warrant to advise of the impending expiry date and the need to obtain a completion certificate. Applicants are encouraged to submit a completion certificate submission if the works are complete or to extend the period of validity of the building warrant, if necessary, to allow the building work to be completed.</p>	<p>Review current protocols and procedures in relation to building warrants at or near expiry date and without a completion certificate.</p>	<p>Planning</p>	<p>A Ministerial Working Group has been established to review building and fire safety regulatory frameworks and other relevant matters.</p>

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
health, safety, welfare and convenience of persons in or about buildings', systematic and appropriate administrative arrangements should be developed and implemented by verifiers to identify, pursue and sanction those who fail to comply with its statutory requirements.				
<p>7.3 - Temporary Occupancy Certificates</p> <p><input type="checkbox"/> In circumstances in PPP contracts where the Building Standards Certificate of Completion cannot yet be issued, and the issue of an Availability Certificate is permitted under the contract on the basis of a Temporary Occupancy Certificate, it is recommended that there should be a specific requirement that the Independent Certifier issuing an Availability Certificate should formally advise the public sector client of this fact and qualify the documentation to reflect this position.</p> <p><input type="checkbox"/> Additionally, it is recommended that there should be a requirement under the contract that, in such circumstances, a date should be set by which the Project Company should be required to have achieved an accepted Certificate of Completion or be in default.</p>	There are currently no proposals for any further PPP/PFI/NPD projects. Should this position change at any time in the future the Inquiry comments and Recommendations regarding Independent Certifier will be considered at that time			N/A
<p>7.4 - Prioritisation of risk factors</p> <p><input type="checkbox"/> The Inquiry noted, from the evidence provided, the number and preponderance of visits by Building Inspectors which focussed on drainage issues compared to the limited number of visits that were undertaken in relation to the compliance of the construction of the general structure and fabric of the buildings, the design and specification of which would have represented the vast majority of information submitted and scrutinised by Building Standards prior to</p>	Building Standards: Building Standards take a risk based approach towards reasonable inquiry and all applicants receive a construction compliance and notification plan (CCNP) at building warrant approval and they are advised to notify Building Standards at specific stages of the construction process. For large projects such as a school we request to be notified, and would subsequently inspect, the following stages of construction; foundations,	Review current risk protocols in relation to reasonable inquiry and ascertain if additional training and mentoring is required.	Planning	A Ministerial Working Group has been established to review building and fire safety regulatory frameworks and other relevant

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>approval of the design warrant.</p> <p>□ It is recommended that a review be undertaken as to the overall objective of site visits undertaken by Building Inspectors to ensure that the planning of these properly reflects a prioritisation of the identification and inspection of areas of highest risk.</p>	<p>underground drainage, the structure, insulation, both active and passive fire protection measures, final drain testing and a final inspection.</p> <p>As verifiers cannot be reasonably expected to have a continual presence on all construction sites, and for large projects, we may take a sampling approach towards our inspection and testing regimes which is consistent with national guidance documents.</p> <p>To complement our site inspection regime we also request that commissioning certificates are provided from competent persons for the following systems: electrical installations, emergency lighting, automatic fire alarm and detection, sprinklers, air tightness testing, air-conditioning and heating and ventilation.</p> <p>Other certification may be requested dependent upon any additional safety features present within a building i.e. automatic opening ventilators or intumescent paint.</p>			<p>matters.</p>
<p>7.5 - Building Standards Department of the city of Edinburgh Council</p> <p>It is recommended that a review be undertaken of the staffing and funding of the Building Standards Department in Edinburgh Council to ensure that these are adequate to meet the demand for services and to provide the level of service that is required.</p>	<p>N/A</p>			<p>N/A</p>

8. INFORMATION SHARING RECOMMENDATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>Sharing of information on matters of structural concern</p> <p><input type="checkbox"/> The Inquiry found that there was a degree of reluctance on the part of some Local Authorities to reveal to the Inquiry full details of the extent and nature of defective construction that had been found as a result of investigations undertaken at some of their schools. This reluctance could be related to possible on-going litigation or a reluctance on their part (or that of their project company) to have this information made public.</p> <p><input type="checkbox"/> It is recommended that there should be a formal requirement on public bodies to make automatic disclosure to a central source of information on building failures, particularly in relation to building failures that bring with them potential risks to the safety of building users.</p> <p><input type="checkbox"/> In particular, the collation and dissemination of information relating to matters of structural concern is a vital element of achieving safe structures. The Standing Committee on Structural Safety (SCOSS) has introduced the Confidential Reporting on Structural Safety (CROSS) scheme, to facilitate this process in circumstances where those providing the information may wish to retain a degree of anonymity. This should be used more widely.</p>	<p>Property Services: Renfrewshire Council willingly submitted information to both the Independent Inquiry and the Scottish Futures Trust investigations.</p>	<p>Property Services to liaise with SFT/SG.</p>	<p>Property Services</p>	<p>Noted</p>

9. RECOMMENDATIONS FOR THE CITY OF EDINBURGH COUNCIL

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>9.1 - Minor Changes within PPP1 schools</p> <p>The Council may wish to investigate what flexibilities there may be, or may be negotiated, in relation to the application of the provisions of the PPP1 Project Agreement that might better facilitate the implementation of requests for minor changes within the schools. This was identified as an on-going source of frustration by those members of staff and of Parent Councils who gave evidence to the Inquiry.</p>	<p>Environment & Infrastructure: The Council is currently working with RSP and Amey FM to improve the process of managing requests for minor changes within the PPP schools. There are currently three mechanisms for managing change requests:</p> <ul style="list-style-type: none"> • Minor Works (Handyman Service) as detailed under Service Specification 7.5.5.7 • Small Works (works priced under £1000 indexed) • Authority Notification of Change <p>Agreement on when to use each process will improve timescales for implementation of change requests.</p>			Noted and ongoing.
<p>9.2 - Parents' and schools' review of management of closure</p> <p>The Inquiry would suggest that, if not already done, the Council should facilitate a joint meeting with representatives of the Parent Councils and heads of schools to review all issues relevant to the management of the closure, to benefit from any learning gained from the experience and to help inform the development of protocols for future emergency situations.</p>	<p>Children's Services: Children's Services' Standard Circular 10, Emergency and Early Closure of Schools and Other Educational Establishments, provides guidance to support schools and other educational establishments in the event of an emergency or early closure. The services' business continuity plan describes the procedures to be followed in the event of loss of premises. Directed by the services' restoration team, the activity involved in supporting restoration of services or schools will be contingent on the premises affected and the needs of users.</p> <p>Health & Safety Section: The Finance and Resources, HR OD and Workforce Planning, health and safety section will ensure that the corporate</p>	<p>Test plans (organised via CCS) and remind services and schools of the need to be conversant with standard circular 10 and business continuity arrangements. All head teachers should raise awareness of business continuity and restoration arrangements with parent councils on an annual basis.</p>	<p>Children's Services Crisis and Resilience Management Group.</p>	N/A

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
	governance documentation will be available and revised in line with legislation and best practice, and will ensure, where reasonably practicable to do so, that Services across the council adhere to this. This will include appropriate communications and resilience arrangements.			
<p>9.3 - Fire-stopping</p> <p>In light of the results of the fire-stopping surveys of the PPP1 projects, it is recommended that the City of Edinburgh Council should, in addition to the ongoing checking of fire safety measures and components across its wider estate, require that appropriately frequent on-going inspections are undertaken by those responsible for the management of these buildings to ensure that these are properly maintained over time.</p>	<p>Environment & Infrastructure:</p> <p>PPP estate:</p> <p>During 2016 RSP carried out a full fire stopping audit of the PPP schools. All remedial actions identified by the audit have been completed.</p> <p>Fire stopping inspections are included in the annual Planned and Preventative Maintenance (PPM) programme.</p> <p>6 monthly inspection:</p> <ul style="list-style-type: none"> • Carry out visual inspection of all fire stopping; • Check the integrity of the stopping; ensure there are no breaches between the stopping and the surrounding fabric / framework inc walls, ceiling, roof junctions. • Where stopping is installed around services which pass through compartments, ensure there are no gaps and the stopping is continuous. • Should it be obvious that the fire barrier has been breached or damaged within the compartment area, report any findings which require remedial action. <p>6 monthly inspection:</p> <p>Inspect all fire/ smoke dampers, apply a</p>		Environment & Infrastructure	

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
	<p>few drops of oil to the mechanism. Replace fusible links if required. Check action and proper operation.</p> <p>Non PPP estate;</p> <p>Environment & Infrastructure are currently assessing the site survey requirements as well as the potential works arising requirements to establish programme and funding implications to progress per recommendations.</p>			Environment & Infrastructure

10. FURTHER INVESTIGATIONS

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
<p>10.0 Other clients</p> <p>Other clients of recently constructed buildings</p> <p><input type="checkbox"/> In relation to the potential presence of further defective construction in the external walls of other of their buildings, the City of Edinburgh Council is undertaking a proportionate and structured risk-based approach to investigating their wider estate, specifically regarding the issues identified on the PPP1 Estate i.e. wall tie embedment and the provision of appropriate restraints to masonry panels.</p> <p><input type="checkbox"/> Other clients of recently constructed buildings of a similar scale and form of</p>	<p>Property Services:</p> <p>PPP estate;</p> <p>Renfrewshire Schools Partnership have undertaken intrusive surveys and no concerns were identified with only minor precautionary remedial works being identified.</p> <p>Non PPP estate;</p> <p>In house resources surveyed the contemporary non PPP schools with similar design, scale or construction techniques used by Edinburgh Schools Partnership. No concerns were identified</p>	Property Services to liaise with SFT/SG.	Property Services	<p>Complete</p> <p>Complete</p>

Inquiry Recommendation	Council Response	Any Further Action Required	By Whom?	Status
construction to the PPP1 schools, if concerned that their buildings may contain similar defects, may wish to adopt a similar risk-based approach to any investigation process they may feel necessary.	with only minor precautionary remedial works being identified and completed in August 2016.			



To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: Director of Finance and Resources

Heading: Absence Statistics – 2018/19 Quarter 1

1. Summary

- 1.1 The purpose of this report is to advise the Audit, Risk and Scrutiny Board of the absence statistics for the period April 2018 to June 2018. The report details the absence statistics by service and by category of staff.
- 1.2 The report provides information in relation to absence targets and how services have performed against them. An analysis of the reasons for absence has also been compiled and details are included within the report. Information is also provided on supporting attendance activity and the costs of sick pay.
-

2. Recommendations

- 2.1 It is recommended that the Board notes the content of this report and that this report reflects the absence statistics for the period April 2018 to June 2018.
-

3. Background

- 3.1 The Scrutiny Board agreed that absence levels will be reported on a quarterly basis. It was agreed that the report will include the following information relating to supporting attendance: -
- Absence statistics broken down by service and category of staff.
 - Reasons for absence broken down by service and category of staff.
 - Progress made by services in relation to their supporting attendance action plans.

4. Absence Statistics - Quarter Ending June 2018

- 4.1 Service and Council overall absence performance for the quarters are detailed in the table below. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of work days lost per full time equivalent (FTE) employee. Please note that the changes within the services had not taken place during this reporting period however they will be reflected in the next report.

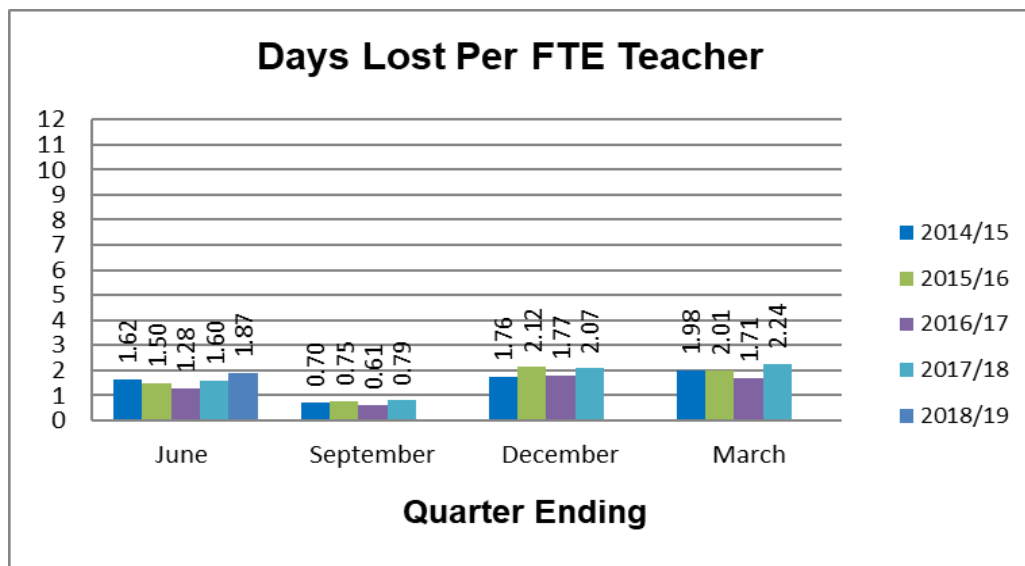
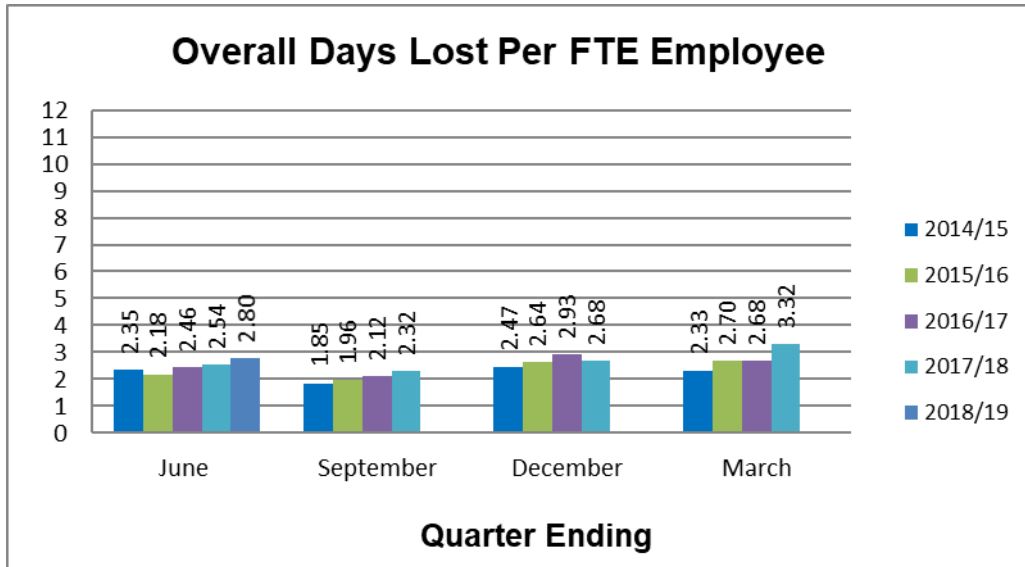
Service/Area	Quarter Ending June 2016	Quarter Ending September 2016	Quarter Ending December 2016	Quarter Ending March 2017	Quarter Ending June 2017	Quarter Ending September 2017	Quarter Ending December 2017	Quarter Ending March 2018	Quarter Ending June 2018
Chief Executive's Services	1.17	1.82	1.72	3.41	1.78	2.90	2.16	2.78	1.57
Children's Services	1.85	1.16	2.29	2.17	2.07	1.35	2.35	2.71	2.13
Environment & Communities	2.96	2.49	3.75	3.34	3.67	3.28	4.33	4.49	3.75
Finance and Resources	2.02	2.29	2.59	2.37	2.29	2.16	2.20	2.59	2.56
Development and Housing Services	1.79	2.78	1.75	2.18	1.73	2.40	2.63	1.88	2.04
Health and Social Care Partnership	4.29	3.95	5.03	3.65	2.36	3.88	5.13	4.34	4.02
Council Overall	2.46	2.12	2.93	2.68	2.54	2.32	3.32	3.23	2.80
Council Overall targets	1.79	1.79	2.69	2.69	1.79	1.79	2.69	2.69	1.79

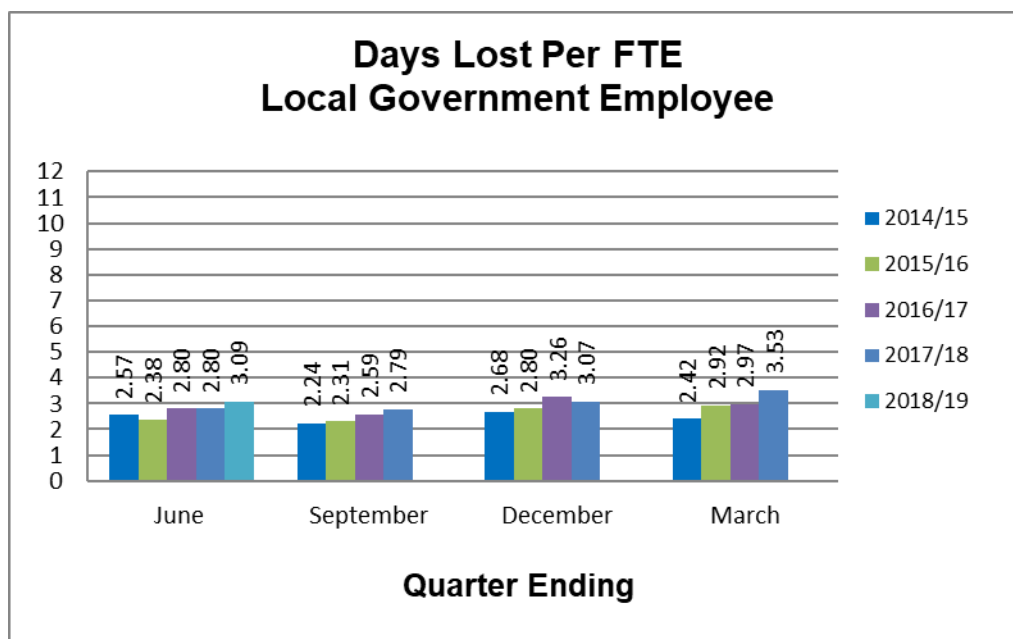
5. Analysis and Trends - Quarter Ending 30 June 2018

- 5.1 The number of days lost per FTE employee due to absence is as follows: -

Quarter ended	Days lost per FTE	Quarter ended	Days lost per FTE	Variance
June 2016	2.46	June 2017	2.54	+0.08
September 2016	2.12	September 2017	2.32	+0.20
December 2016	2.93	December 2017	3.32	+0.39
March 2017	2.68	March 2018	3.23	+0.55
June 2017	2.54	June 2018	2.80	+0.26

- 5.2 The following tables detail the percentage absence levels by employee category for the quarter ending June 2018 namely: overall, teachers and local government employees.





6. Absence Targets Analysis: Quarter 1, ending June 2018.

6.1 **Appendix A** details the absence performance of services, the Council overall and employee groups against the set absence targets for quarter ending 30 June 2018.

6.2 The Council has recorded an overall absence rate of 2.80 days lost per FTE employee, which is 1.01 days **above** the target figure of 1.79 days.

In addition, the Teacher absence level of 1.87 days lost per FTE employee is 0.33 days **above** the target of 1.54 days.

The absence performance of Local Government employees at 3.09 days lost per FTE employee is 1.71 days **above** the target of 1.92 days.

7. Reasons for Absence overview

7.1 The illness categories with the highest level of absence, compared to the same quarter in the previous year are as follows:

Quarter Ending	Illness categories
June 2017	Psychological (non work related) – 24.7%, Musculoskeletal and Joint Disorders – 23.6%
June 2018	Psychological (non work related) – 26.5% Musculoskeletal and Joint Disorders – 23.8%

7.2 To address Psychological (non work related) absences the Council continue to provide a range of support services that employees can be referred to at an early stage for assistance. 'timefortalking', the Council's employee counselling service provider, continues to be utilised. Presenting issues to the service relating to Psychological (non work related) continue to include;

- Loss/Bereavement
- Stress/anxiety/panic
- Depression/Self-worth
- Family Relationships

Further to this, the Council are using timefortalking to continue to deliver mindfulness courses. Courses are open to all employees and have been delivered until June 2018. Further dates for the rest of the year will be agreed with the contractor. Feedback from those employees who have attended the courses continues to be very positive.

There are also Council policies, guidance and training to assist managers and employees that are specific to stress related issues.

The Scottish Mental Health First Aider courses will start in line with the new course planner (September).

- 7.3 In relation to addressing musculoskeletal and joint disorders the Council offers a physiotherapy service through the Council's Occupational Health Provider, and this service can be accessed by all employees.

As part of the Council's Health and Safety Management system, occupations which include manual handling activities as part of the role, the task risk assessments are reviewed on an ongoing basis to ensure that safe working practices are maintained.

HR and OD continue to investigate the practical options for further training and interventions available that may reduce the impact of musculoskeletal and joint disorders.

8. Supporting Attendance Activity

- 8.1 Recent and planned actions to improve absence performance include the following: -

- Every Service have identified a senior manager, who will act as an absence champion, they will work closely with HR to devise, implement and manage bespoke strategies that will support attendance within their service.
- HR operational teams continue to work closely with service's operational management teams on supporting attendance activity, HR operational teams continue to proactively contact and support managers who have absence cases of 2 to 4 weeks in duration, to monitor action taken to date and proposed next steps.
- A review of the current supporting attendance policies covering all staff, including teachers continues. Meetings have taken place with the respective trades unions to ensure this is a fully collaborative process. The policy will also

reflect any changes to the occupational health contract, where appropriate.

- Continued delivery of supporting attendance training at a corporate level for managers, with the provision of tailored training for managers and employees at a service level on request;
- Ongoing health promotion activities aimed at raising employee awareness of health issues continue. HR continue to work with the communications team to promote health and wellbeing initiatives, such as national handwashing day and breast cancer awareness.
- Ongoing work to improve the absence information available to managers and to streamline supporting attendance related processes to facilitate prompt absence reporting, recording and updating of relevant systems;

9. Costs of Sick Pay

- 9.1 The costs associated with sick pay are provided to the Audit, Risk and Scrutiny Board. The table outlines the costs of sick pay by employee groups and overall:

Quarter/Year	Teachers (includes Supply Teachers)	All Other Employees	Overall
Quarter 1 of 2017/2018	£470,193.29	£1,219,931.09	£1,690,124.38
Overall	£470,193.29	£1,219,931.09	£1,690,124.38

Implications of this Report

- 1 **Financial Implications** - Improvement in attendance impacts on the financial costs of absence.
- 2 **HR and Organisational Development Implications** - HR and Organisational Development Practitioners will continue to work with service managers and consult with the Trade Unions, on the implementation of the Supporting Attendance at Work Policy and Guidance and initiatives detailed in this report.
- 3 **Community Planning**

Children and Young People - none.

Jobs and the Economy - none.

Community care, health and wellbeing - provides for continuous improvement in health and attendance.

Safer and Stronger - provides for improved service performance across the Council.

Greener - none.

Empowering our Communities - none.
- 4 **Legal Implications** - none.
- 5 **Property/Asset Implications** - none.
- 6 **Information Technology Implications** - none.
- 7 **Equality and Human Rights Implications** - none.
- 8 **Health and Safety Implications** - it is integral to the Council's aim of securing the health and well-being of employees.
- 9 **Procurement Implications** - none.
- 10 **Risk Implications** - Without continued effective supporting attendance focus, there is a risk that sickness absence levels will adversely impact on the Council both financially and in terms of service delivery. Consequently, supporting attendance activities are monitored via the Corporate Risk Register.
- 11 **Privacy Impact Implications** - none.
12. **Cosla Policy Position** - none

List of Background Papers - none.

The contact officer within the service is Steven Fanning, Principal HR and OD Adviser, telephone 0141 618 7284, e-mail steven.fanning@renfrewshire.gov.uk

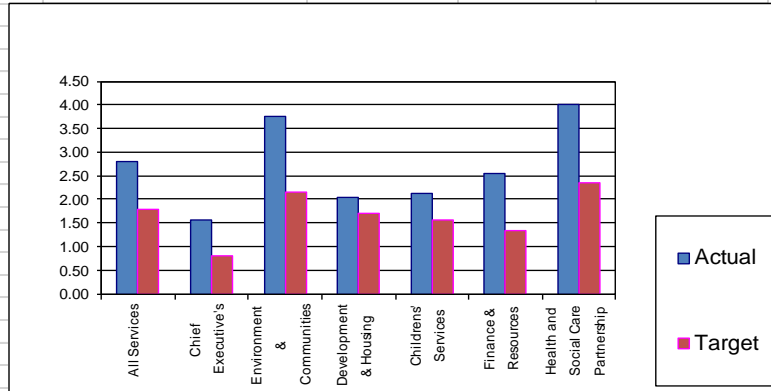
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Index of Appendices

Appendix A	Graphs detailing trends in service, Council overall and employee group absence levels against targets for 2018/19
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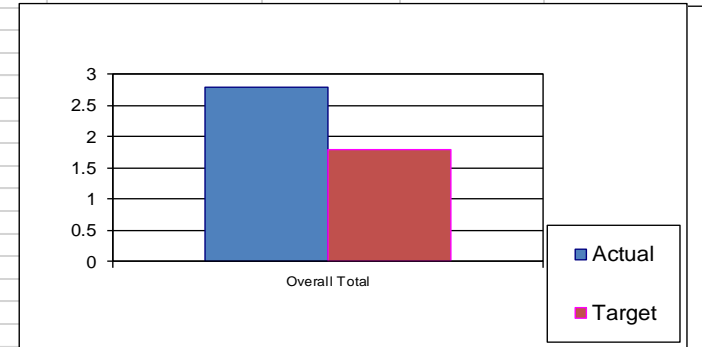
PERFORMANCE V TARGETS 2018/2019

Quarter 1 MARCH 2018 - JUNE 2018



	Actual	Target	Difference
All Services	2.80	1.79	1.01
Chief Executive's	1.57	0.80	0.77
Environment & Communities	3.75	2.15	1.60
Development & Housing	2.04	1.69	0.35
Children's Services	2.13	1.56	0.57
Finance & Resources	2.56	1.34	1.22
Health and Social Care Partnership	4.02	2.36	1.66

Quarter 1 MARCH 2018 - JUNE 2018



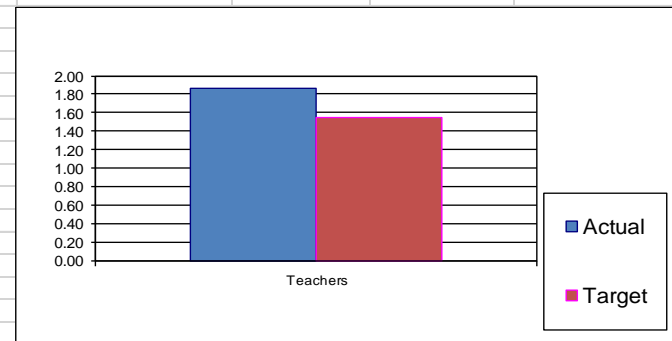
	Actual	Target	Difference
Overall Total	2.8	1.79	1.01

Quarter 1 MARCH 2018 - JUNE 2018



	Actual	Target	Difference
Local Government	3.09	1.92	1.17

Quarter 1 MARCH 2018 - JUNE 2018



	Actual	Target	Difference
Teachers	1.87	1.54	0.33



To: Audit, Risk & Scrutiny Board

On: 27 August 2018

Report by: Director of Finance & Resources

Heading: AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT 2017/18

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2017 to June 2018 when the Audit, Risk & Scrutiny Board met six times. The report is submitted to the Board in terms of the Council's Code of Corporate Governance.
 - 1.2 Scrutiny enables members to review decisions, policies and performance that affect the Council and helps to ensure that the services and policies meet the Council's aims and standards. The scrutiny process not only provides a means of reviewing the Council's own services but enables examination of services provided by other organisations on issues causing public concern.
 - 1.3 During the course of the year members looked at various subjects, including annual reports from other bodies and considered reports from the chief internal auditor and other audit-related matters.
-

2 Recommendation

- 2.1 That the Audit, Risk & Scrutiny Board annual report be noted.
-

3 Issues considered by the Board during 2017/18

3.1 Annual Programme of Reviews

3.1.1 The Board undertakes reviews by examining a subject through consideration of evidence from Council officers, other organisations and service users. Once all the evidence has been collected, the lead officer prepares a report on the Board's behalf outlining the findings and recommendations and following approval by the Board, the report is submitted to the Council for consideration.

3.1.2 At the meeting of the Board held on 27 August 2017 the following reviews were agreed:

- Fly tipping in the countryside and known fly tipping spots; and
- Housing repairs by Council and outside contractors; and that this is the order of priority in which they are undertaken;
- Bus deregulation and its effect on transport services in Renfrewshire;
- The newly-introduced speed limit in Brookfield (A761);
- Maintenance of multi-occupancy accommodation; and
- The effectiveness of Fair Trade.

3.1.3 It was also agreed that in relation to the reserve topics of Council Tax exemptions and Japanese knotweed in our gardens and landscapes that a full investigation was not required but that reports should be included in the annual programme. The report in relation to Council Tax exemptions was submitted to the Board on 29 May 2017 for consideration and included information relating to exemptions and discounts and highlighted the new ways of providing customers with information, including the new customer portal. The report on Japanese knotweed is the subject of a separate report on the agenda for this meeting.

3.1.4 At the meeting of the Audit, Risk & Scrutiny Board held on 6 November 2018, a further review on conversion of grassed areas to parking was agreed as part of the 2017/18 programme. To date five reviews are still outstanding:

- bus deregulation and its effect on transport services in Renfrewshire;
- the newly-introduced speed limit in Brookfield (A761);
- maintenance of multi-occupancy accommodation;
- the effectiveness of Fair Trade: and
- conversion of grassed areas to parking

3.1.5 During the period of this report, the Audit, Risk & Scrutiny Board heard evidence in relation to fly-tipping in the countryside and known fly-tipping spots and housing repairs by the Council and outside contractors.

3.1.6 The final report for the housing repairs by the Council and outside contractors is set out in separate report on the agenda for this meeting. The final report for fly-tipping in the countryside and known fly-tipping spots will be submitted to the Audit, Risk & Scrutiny Board on 25 September 2018.

- 3.1.7 The annual programme 2018/19 is the subject of a separate report on the agenda for this meeting.

3.2 Training

- 3.2.1 In line with national guidance by the Chartered Institute of Public Finance and Accountancy (CIPFA) on the implementation of audit committee principles in Scottish local authorities, briefings on audit and risk-related matters is provided to members of the Board. During the period covered by this report, Board members agreed and commenced a programme of briefings which included: the role of the Audit Committee; cyber security risk and control; and the role of Internal Audit.

3.3 Audit and Related Matters

- (a) **Audit of Accounts** - The Board at the meeting held on 26 September 2017 considered a report relative to the audit of the Council's 2016/17 accounts. The report outlined Audit Scotland's findings and it was noted that in order to comply with the Local Authority Accounts (Scotland) Regulations 2014 the audited financial statements would be presented to the Council for approval at its meeting on 28 September 2017.
- (b) **Annual Internal Audit Plan 2018/19** – The Board at the meeting held on 19 March 2018 agreed a risk-based audit plan for 2018/19. The plan considered the outcomes of the internal corporate and service risk identification and evaluation processes, and the current business environment. In addition to undertaking work which would provide assurance on the robustness of key internal controls, the plan sought to reflect the key priorities and challenges for the Council. Progress on the 2018/19 annual audit plan and summaries on the findings and conclusions of each audit assignment are reported to the Board on a quarterly basis.
- (c) **Audit Scotland Annual Audit Plan 2017/18** – The Board at the meeting held on 22 January 2018 considered a report which outlined Audit Scotland's approach to the audit of the 2017/18 financial statements of the Council and the charities it controlled to assess whether they provided a true and fair view of the financial position of the Council, and whether they had been prepared in accordance with proper accounting practice. The plan outlined the responsibilities of Audit Scotland and the Council, their assessment of key challenges and risks and the approach and timetable for completion of the audit.
- (d) **Strategic, Corporate and Service Risks** – The Board at the meeting held on 29 May 2018 considered the Strategic, Corporate and Service Risks and Risk Management Plans 2018/19 for each service of the Council. Each service identified risks for ongoing monitoring and review and identified planned management actions to prevent and/or mitigate those risks.

- (e) **Risk Management Annual Report** – The Board at the meeting held on 29 May 2018, considered a report which outlined the corporate risk management activity that had taken place during 2017/18 in relation to the Council's risk management arrangements and strategic risk management objectives. The report provided an overview of key achievements for corporate-led risk management activity during 2017/18 and gave assurance to internal and external stakeholders of the adequacy and effectiveness of risk management arrangements applied during 2017/18.
- (f) **Accounts Commission and Audit Scotland Reports** – during the period covered by this report, the Board considered reports concerning Roles and Working Relationships in the Council; Self Directed Support; and Equal Pay in Scottish Councils. Each report highlighted key points and the Council position where available. The Board at the meeting held on 29 May 2018 also considered Audit Scotland's Management Report for Renfrewshire Council which identified key issues over the course of 2017/18. The report contained a summary of Audit Scotland's findings and outlined management action to address the issues raised.
- (g) **Annual Complaints 2016/17** – The Board at the meeting held on 19 March 2018 considered a report which detailed complaints received by the Council during 2016/17 and how this information had been used to ensure that the Council delivered high quality, efficient and responsive services. A summary was included of the numbers and types of complaints received, responded to within timescales, customer satisfaction monitoring and key complaint areas including what was being done to address the issues raised. The report advised that there had been a decline in the number of complaints the Council had received from 6860 in 2015/16 to 6364 for 2016/17 and the report identified how the information provided in complaints had been used to improve services.
- (h) **Internal Audit Charter** – The Board at the meeting held on 28 August 2017 considered a report which presented the new Internal Audit Charter. The Charter had been developed to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) which came into effect on 1 April 2013. It had been agreed previously that the Internal Audit Charter would be reviewed annually and the report outlined changes that had been made since the last update in September 2016.
- (i) **Local Scrutiny Plan 2018/19** – The Board at the meeting held on 29 May 2018 considered the Local Scrutiny Plan 2018/19, which was prepared each year by the Local Area Network. The conclusion at the end of this year's shared risk assessment was that no risks had been identified which required specific scrutiny. However, audit and inspection work would continue to take place and the Council would also be subject to a range of scrutiny that was part of national activity.

- (j) **Corporate Governance** – The Board at the meeting held on 19 March 2018 considered a report which reviewed the Council's Local Code of Corporate Governance and provided evidence of how the Council complied with the code. The report advised that the code placed emphasis on relationships and behaviours between elected members and senior management; performance reporting; and council and service level plans. The code also reflected the increased importance placed by the Council on self-assessment and activities involving scrutiny of services. It also linked in with the Best Value criteria where governance and accountability were key elements against which the Council was assessed.

In addition, the Board considered a report at the meeting on 29 May 2018 which contained the annual governance statement for 2017/18 which took account of the Internal Audit Annual Report and Director's evaluation of the operation of the governance arrangements within each service area.

Both reports demonstrated that strong governance arrangements were in place within the Council and that Councillors and Officers were working together to lead and manage the Council in order to provide vital public services.

- (k) **Internal Audit Annual Report 2017/18** - The Board at the meeting held on 29 May 2018 considered the annual report on the activities of the Council's Internal Audit section during 2017/18, which detailed internal audit activity, purpose, authority and responsibility as well as performance relative to its plan. The annual report also provided an annual audit opinion of the overall adequacy and effectiveness of the Council's internal control environment and included details of significant risk exposures, control issues and other matters that could be used to inform the governance statement.
- (l) **Local Government Benchmarking Framework Indicator Profile 2016/17** – The Board at the meeting held on 19 March 2017 considered a report which intimated that the Council had a robust performance management framework in place which ensured that performance was monitored by corporate and service level management teams and scrutinised by elected members. The report set out the mechanisms by which the monitoring of Council services was undertaken and provided key messages for the Council from the 2016/17 indicator profile against each of the 75 indicators. The report provided detailed information relating to the performance of similar councils which had been placed into 'family groups' with Renfrewshire and provided further context on performance across the broad service areas for elected members' scrutiny.
- (m) **Internal Audit Findings** – The Board considered quarterly reports on the findings of internal audit in terms of national guidance produced by CIPFA on the implementation of audit committee principles in Scottish local authorities, in line with which internal audit submitted regular reports on the findings of audit work to the Board based on the work of internal audit and detailing the key issues arising.

- (n) **Internal Audit and Counter Fraud Progress and Performance** – The Board considered regular reports which detailed progress and performance in terms of delivery of the audit plans for the internal audit and counter fraud. The Director of Finance & Resources had set annual targets to demonstrate continuous improvement. In terms of counter fraud, due to the diverse nature of fraud referrals, no formal performance targets had been established and the outcomes from investigations were monitored on a regular basis by management.
- (o) **Absence Statistics** - The Board considered quarterly reports on absence returns with the statistics broken down by service and category of staff, including information relative to absence targets and how services had performed against them. Information was also provided on supporting attendance activity and the costs of sick pay.
- (p) **Internal Audit Reporting to Board** – the Board at the meeting held on 19 March 2018 considered a report which indicated that a peer review process by West Lothian Council's Audit, Risk and Counter Fraud Manager had identified that there was scope to improve the information provided to the Board in relation to finalised audit engagements and follow up work. The recommendation had been reiterated in Audit Scotland's annual review of the adequacy of Internal Audit for the period to 31 March 2017. The Chief Auditor undertook to review the information provided to Board in relation to completed audit engagements by September 2017 and the arrangements for reporting on follow up work by March 2018. The Board had requested that in relation to those recommendations that were critical, the Chief Auditor gave consideration as to whether more detailed information could be provided to the Board.

The Chief Auditor was satisfied that the enhanced reporting to Board that had been put in place along with enhanced representation from service management at Board meetings fully supported the Board in their role as the audit committee, complied with the PSIAS and met the best practice standard as set out in the CIPFA "Audit Committees, Practical Guidance for Local Authorities" publication.

- (q) **Summary of Outstanding Internal Audit Recommendations** – The Board at the meeting held on 28 May 2018 considered a report in relation to follow up work to ensure internal Audit recommendations had been implemented. The report provided an update position in respect of recommendations not implemented by service management by their due date.
- (r) **Records Management Plan Update** – the Board at the meeting held on 28 August 2017 considered a report which detailed the annual review of the Council's Records Management Plan (RMP) to guide continual improvement of its record keeping. The report noted that the RMP not only offered compliance with the Public Records (Scotland) Act 2011 but also aimed to guide improvements in record keeping for the overall betterment of the Council and its work. The report advised that continual auditing and assessing of the RMP was an important element of its successful implementation and annual reports were an important part of that.

3.4 Annual Reports by other Bodies

- (a) **Scottish Public Services Ombudsman (SPSO)** – The Board at the meeting held on 22 January 2018 considered a report which highlighted that Local Government remained the sector about which the SPSO received most complaints being 37% of the SPSO's total caseload for 2016/17 with the NHS again receiving the second highest number 34%. The report highlighted that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 47 compared with 56 in 2015/16. During the period covered by the report the SPSO determined 49 complaints against the Council. Received and determined numbers did not tally as complaints determined included cases carried forward from previous years. Of the 49 complaints determined during the period, five were investigated; three were fully upheld; one was partly upheld; and one was not upheld.
- (b) **Commission for Ethical Standards in Public Life in Scotland: Annual Report 2016/17** – The Board at the meeting held on 6 November 2017 considered a report which detailed the work of the Commissioner during the year, provided details of the investigation of complaints about the conduct of councillors, members of devolved public bodies, MSPs and scrutiny of Scotland's ministerial public appointments process. The report advised that the volume and complexity of conduct complaints had decreased by 20%. The largest category of complaints related to disrespect and appeared to be increasing as a percentage of the total volume of complaints received.

Nationally during 2016/17 the Commissioner received 174 complaints about councillors and the subject matter of the complaints was detailed in the report. No specific figures for Renfrewshire Council were included in the report. However, information had been received separately from the Commissioner that, during the period covered by the report four complaints had been received against Renfrewshire councillors compared with six in 2015/16. During the period covered by the report a hearing was held into a complaint concerning Councillor Mack.

The report noted that, as part of the programme of events and development opportunities for councillors a briefing had been provided on 10 May 2017 on Standards and Ethics in Public Life and Roles and Responsibilities which included specific guidance on the Code of Conduct for Elected Members and on registering and declaring an interest.

Implications of the Report

1. **Financial - none**
 2. **HR & Organisational Development - none**
 3. **Community/Council Planning – none**
 4. **Legal - none**
 5. **Property/Assets - none**
 6. **Information Technology – none**
 7. **Equality & Human Rights** - The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report because it is for noting only. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety - none**
 9. **Procurement - none**
 10. **Risk - none**
 11. **Privacy Impact - none**
 12. **Cosla Policy Position n/a**
-

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To: Audit, Risk and Scrutiny

Board On: 27 August 2018

Report by: Director of Finance & Resources

Heading: **AUDIT, RISK AND SCRUTINY BOARD - ANNUAL PROGRAMME - 2018/19**

1 Summary

- 1.1 In terms of the guidelines for its operation, the Audit, Risk & Scrutiny Board prepares an annual programme which may include consideration of routine reports, as well as areas of specific investigation. A lead officer is appointed by the Chief Executive for each investigation.
 - 1.2 Each year it has been the practice that members of the Board are asked to suggest topics for investigation and to provide information in relation to why the investigation should be undertaken and the anticipated outcome. A report is thereafter submitted to the Board outlining the suggestions received in order that the Board can agree its annual programme.
 - 1.3 This report highlights the issues in terms of the number of reviews the Board can reasonably undertake and makes recommendations in relation to the programme and outstanding reviews.
-

2 Recommendations

- 2.1 That consideration is given to the 2018/19 annual programme comprising of the following two outstanding investigations agreed as part of the 2017/18 programme:

- bus deregulation and its effect on transport services in Renfrewshire (Lead Officer: Peter McCulloch, Adult Services Manager, Renfrewshire Health & Social Care Partnership); and
- the newly-introduced speed limit in Brookfield (A761) (Lead Officer: David Wilson, Social Work Manager, Renfrewshire Health & Social Care Partnership)

2.2 That consideration be given to whether the remaining three investigations carried forward from the 2017/18 programme should be taken forward at this time or considered either as reserve items or as part of the 2019/20 programme, namely:

- maintenance of multi-occupancy accommodation;
- the effectiveness of Fair Trade; and
- conversion of grassed areas to parking; and

3 **Background**

3.1 The guidelines for the Board's operation suggest that in relation to (a) scrutiny of service delivery and performance and (b) monitoring and reviewing service delivery, performance, policies and practices, the Board may select particular areas for investigation as part of its annual programme, thereafter making recommendations to the Council. In relation to the Council's role in community leadership, the guidelines recognise that this is not clear cut and requires to be considered carefully to ensure that the respective functions and responsibilities of other public bodies are not compromised but that the Board allows the Council to provide a forum for an informed public debate on these issues.

3.2 Investigations are generally scheduled to be considered over at least five meetings but this is dependent upon the availability of witnesses and whether the Board wishes to hear further evidence. The Board previously agreed that, given the level of business before it, there be no more than two investigations on an agenda to allow sufficient consideration to be given to each and to prevent meetings continuing into the afternoon. Realistically no more than two investigations can be undertaken within the Board's annual cycle of five/six meetings, although additional meetings can be held if required in terms of the Council's procedural standing orders.

3.3 At the Audit, Risk & Scrutiny Board meeting held on 27 August 2017 the following reviews were agreed; and their order of priority, as follows:

- fly tipping in the countryside and known fly tipping spots;
- Housing repairs by Council and outside contractors;
- bus deregulation and its effect on transport services in Renfrewshire;
- the newly-introduced speed limit in Brookfield (A761);
- maintenance of multi-occupancy accommodation; and
- the effectiveness of Fair Trade

3.4 It was also agreed that in relation to the reserve topics of Council Tax exemptions and Japanese knotweed in our gardens and landscapes that full investigations were not required but instead that reports on these topics would be sufficient.

3.5 At the Audit, Risk & Scrutiny Board held on 6 November 2018, it was agreed that the 2017/18 programme also include an investigation of conversion of grassed areas to parking.

3.6 An invitation to submit suggestions for areas of investigation for the 2018/19 annual programme was sent to Members in April 2018. No suggestions for the programme were received.

4 Progress of Annual Programme 2017/18

4.1 During the 2017/18 programme, the Audit, Risk & Scrutiny Board heard evidence in relation to (a) fly-tipping in the countryside and known fly-tipping spots and (b) housing repairs by Council and outside contractors.

4.2 The final report detailing the conclusions and recommendations for housing repairs by Council and outside contractors is contained within a separate report on the agenda for this meeting. The final report for fly-tipping in the countryside and known fly-tipping spots will be submitted for the Board's consideration to its September meeting.

4.3 The report in relation to Council Tax exemptions was submitted to the Board on 29 May 2018 and included information relating to exemptions and discounts and highlighted the new ways of providing customers with information, including the new customer portal. The report on Japanese knotweed is the subject of a separate report on the agenda for this meeting.

4.3 To date the following five reviews are still outstanding:

- bus deregulation and its effect on transport services in Renfrewshire;
- the newly-introduced speed limit in Brookfield (A761);
- maintenance of multi-occupancy accommodation;
- the effectiveness of Fair Trade: and
- conversion of grassed areas to parking

- 4.4 It is proposed that the 2018/19 programme comprise of the first two investigations on the list of reviews, both of which have lead officers appointed, as follows:
- bus deregulation and its effect on transport services in Renfrewshire (Lead Officer: Peter McCulloch, Adult Services Manager, Renfrewshire Health & Social Care Partnership); and
 - the newly-introduced speed limit in Brookfield (A761) (Lead Officer: David Wilson, Social Work Manager, Renfrewshire Health & Social Care Partnership)
- 4.5 Members may wish to consider whether the remaining three investigations should be taken forward at this time or continued for consideration either as reserve items or as part of the 2019/20 programme, namely:
- maintenance of multi-occupancy accommodation;
 - the effectiveness of Fair Trade; and
 - conversion of grass areas to parking

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** – none
3. **Community Planning** – none
4. **Legal** – none
5. **Property/Assets** – none
6. **Information Technology** – none

7. **Equality & Human Rights**

- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** – none
12. **Cosla Policy Position** – not applicable

Author: *Carol MacDonald, Senior Committee Services Officer, Finance & Resources.*



To: AUDIT, RISK AND SCRUTINY BOARD

On: 28 AUGUST 2018

Report by: LEAD OFFICER

**Heading: REVIEW OF HOUSING REPAIRS BY COUNCIL AND OUTSIDE
CONTRACTORS**

1. Summary

- 1.1 As part of the annual programme of activity for 2017/18, the Audit, Risk and Scrutiny Board agreed to undertake a review of housing repairs by Council and outside contractors.
- 1.2 The report which was approved by the Audit, Risk and Scrutiny Board at its meeting on 29 May, completed the review and detailed its findings and overall conclusions.
- 1.3 The attached draft report for Council, within Appendix 1, provides a summary of the review, along with its findings and conclusions and will, subject to approval by the Audit, Risk and Scrutiny Board, be submitted to Council for its consideration at its next meeting on 27 September 2018.

2. Recommendations

- 2.1 The Audit, Risk and Scrutiny Board is asked to:
- Approve that the draft report within Appendix 1 is submitted for consideration to the next Council meeting on 27 September 2018.
-

3. Background

- 3.1 The draft report to Council has been developed from previously approved Audit, Risk and Scrutiny Board reports relating to this review. These reports have been included as background papers for the Council report.
- 3.2 The Draft Council report reproduces the findings of the review; how information was gathered from the various parties, including those who attended the Board meetings and the overall conclusion of the review, as approved by the Audit, Risk and Scrutiny Board on 29 May 2018.

Implications of the Report

1. **Financial** - none
2. **HR & Organisational Development** - none
3. **Community Planning** - none
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** - none
7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
8. **Health & Safety** - none
9. **Procurement** - none
10. **Risk** - none
11. **Privacy Impact** - none
12. **Cosla Policy Position** - none
-

List of Background Papers - none

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APPENDIX 1



To: COUNCIL

On: 27 SEPTEMBER 2018

Report by: LEAD OFFICER

Heading: REVIEW OF HOUSING REPAIRS BY COUNCIL AND OUTSIDE CONTRACTORS

1. Summary

- 1.1 As part of the annual programme of activity for 2017/18 the Audit, Risk and Scrutiny Board agreed to undertake a review of Housing repairs by Building Services and outside contractors.
- 1.2 This report provides a summary of the overall findings of the review which has taken place across a number of meetings of the Audit, Risk and Scrutiny Board. The minutes of the meetings are available as background papers.
- 1.3 The review focussed on gathering information from Tenant and Resident Associations, Officers within relevant Service areas and a benchmarking exercise was also undertaken with Councils which have similar housing stock numbers to Renfrewshire.
- 1.4 Findings of the review are detailed at Section 4 and these have identified that customers do not appear to have significant issues with the quality of repairs being carried out within Council stock. When benchmarked against Dundee City, North Ayrshire and East Ayrshire Councils, customer satisfaction levels within Renfrewshire are not significantly lower than these Councils (with the exception of East Ayrshire Council).

- 1.5 The review has provided assurances to the Audit, Risk and Scrutiny Board that the ongoing reviews of the Facilities Management and Housing Repairs function will lead to further improvement to the already well performing Service.
- 1.6 The conclusion of the review was that the redesign of the repairs service within Renfrewshire, which is currently being undertaken by Building Services in consultation with the Housing Service is likely to have benefits for both customers and the Council, as evidenced from the experience of East Ayrshire Council.

2. Recommendations

- 2.1 Council is asked to:
- Note the findings of the review at 4.1.
 - Note the overall conclusion that delivery of the repairs service within Renfrewshire Council by Building Services and its external contractors is operating satisfactorily, and
 - Note that the redesign of the Service within Facilities Management which is currently under way will further improve the customer journey and satisfaction levels for our tenants.

3. Purpose and Scope of the Review

- 3.1 The key purpose of the review was to consider whether robust procedures are in place to ensure that repairs to Council housing stock are carried out to a high standard; are completed timeously and within set targets; properties are not left in a dangerous condition; that satisfactory monitoring and evaluation of repairs is undertaken and that there are measures in place to address unsatisfactory works by both external contractors and Building Services.
- 3.2 The review focussed on existing practices and strengths, taking evidence from Tenant and Resident Associations, Council Officers and other Councils whilst also considering how the redesign of the repairs service within Renfrewshire (currently being undertaken by Building Services in consultation with Housing Services) will impact positively on tenants.
- 3.3 The scope of the review included
- Consulting with Development and Housing Services and Building Services to identify current processes in place to monitor and ensure high standards of work are applied to repairs

- Inviting responses from at least one other Council on their approach to securing a high standard of repair by Council staff and external contractors.
 - Inviting responses from Tenant and Resident Associations on issues where they have concerns regarding the quality of repair works undertaken.
-

4. Findings of the Review

4.1 The Audit, Risk and Scrutiny Board agreed at its meeting on 29 May 2018 agreed the findings of the review, which are:

- That there was general consensus amongst Tenant and Resident Associations that repairs which are undertaken by both Building Services and outside contractors are completed to a high standard
- No evidence was found to support the notion that properties are being left in a dangerous and unsafe condition
- Customer satisfaction rating of 91.4% for 2016/17, against a national average of 86.2%, would support the view that repairs are undertaken to a high standard
- Integration of all Facilities Management Services, including Housing Repairs is currently progressing through the Better Council Change Programme
- Completed Right First Time Repairs have improved from 78% in 2013/14 to 94.8% in 2016/17, reflecting the benefits of the ongoing integration process
- Benchmarking against three Councils, with similar levels of housing stock, demonstrated that performance is not dissimilar, with the exception of East Ayrshire Council who report higher customer satisfaction levels
- The 'routine' customer journey at this time is under improvement through the service re-design process; however, there are a large number of repeat visits to properties being recorded
- One of the main reasons for high numbers of 'repeat' repairs visits to properties relate to no access visits and boiler/heating issues (35%)
- The integrated approach will simplify procedures and improve repairs monitoring whilst new IT systems will help reduce the number of repeat visits
- East Ayrshire Council have redesigned their Repairs service, which has brought about improvements in services for their customers in addition to efficiencies within the service
- Work within Building Services and Housing Services is currently taking place to re-design how the repairs service is being delivered in Renfrewshire and to procure new IT systems; leading to improvements in the customer journey and realising efficiencies within the Service areas

Information Gathering- Tenant and Residents Associations

- 4.2 The Lead Officer attended a meeting of the Council's Repairs Development Group and the Council Wide Tenant Forum to seek views from tenant representatives, through workshop sessions on how the repairs service is delivered; both good and bad experiences of the service; whether repairs are generally to a high standard and areas for improvement. Whilst not all Tenant and Resident Groups attend these meetings, a series of questions was issued to contacts for all Associations to ensure that the consultation process was as wide as possible.
- 4.3 Customer satisfaction information from 2016/17 was also reviewed to determine whether there was correlation between this and the information which was being obtained from the Tenant and Resident Associations.
- 4.4 On 22 January 2018 the Audit, Risk and Scrutiny Board heard information from Ms Margaret Dymond, Maxwellton Court, Tenant and Resident Association who presented a positive experience with housing repairs and had not been aware of any issues through her Tenant and Resident Association.
- 4.5 From the information gathered, the key points identified were that:
- Generally positive feedback from Tenant and Residents Associations on the standard and quality of repairs which appears to support the overall satisfaction survey data.
 - Mixed feedback received regarding the quality and standard of repairs by external contractors
 - Potential issues with effective communication of repairs between tenant, Repairs Assessors and Building Services requiring further investigation and repeat visits.
 - Customer satisfaction rate for 2016/17 is 91.4% (approximately 10 % sample) against a national average for local authorities of 86.2%.
 - Completed Right First Time Repairs had risen from 78% in 2013/14 to 94.8% in 2016/17

Customer Satisfaction Results for 2017/18

- 4.6 Repairs performance information was provided in the previous report on 19 March 2018 covering the number of reactive repairs undertaken during 2016/17; a breakdown in the types of repairs; the percentage of repairs completed Right First Time and the overall customer satisfaction level for 2016/17. The customer satisfaction results for 2017/18 reported to the Scottish Housing Regulator, are 98.3%, demonstrating a significant improvement on the previous year's result of 91.4%

Information Gathering- Benchmarking with Other Councils

- 4.7 The Lead Officer undertook a benchmarking exercise with East Ayrshire, North Ayrshire and Dundee City Councils who have similar overall housing stock numbers to that of Renfrewshire and provide a repairs service to residents.
- 4.8 information was gathered on how repairs are monitored for quality and customer satisfaction levels, providing an indication of how customers perceive the service. This information was compared, as far as was possible, with that from Renfrewshire Council.
- 4.9 It was concluded that in comparison to North Ayrshire and Dundee City Councils, Renfrewshire Council's repairs service is performing reasonably well and is similar in terms of performance and service delivery. However, the model of delivery in East Ayrshire Council had been previously redesigned and appears to be providing enhanced levels of customer satisfaction.
- 4.10 The key points from this benchmarking exercise are:
- Renfrewshire Council's repairs service is operating reasonably well and is based on similar delivery processes to that of North Ayrshire and Dundee City Councils. Renfrewshire's customer satisfaction level was 91.7% for 2016/17 with an improved performance of 98.3% for 2017/18.
 - There are a number of properties within Renfrewshire which appear to be resource intensive with high numbers of repairs being necessary during the last financial year.
 - East Ayrshire Council operates a redesigned delivery model which appears to have, for that area, delivered significant improvements to the repairs service, customer journey and satisfaction levels (98.7%).
 - Customer satisfaction levels for the three benchmarked Councils and Renfrewshire Council have been calculated in accordance with Scottish Housing Regulator requirements.

Information Gathering- Renfrewshire Council Officers

- 4.11 Issues which were explored with Council officials included scrutiny of:
- The overall customer journey from first contact with the Council to a repair being satisfactorily completed;
 - Identifying root causes of requirement of high numbers of repeat visits to property
 - Consideration of improvements to ICT systems to reduce duplication of works in the repairs process.
- 4.12 On 29 May 2018 the Audit, Risk and Scrutiny Board heard information from Gerard Hannah, Strategic Change Manager, Environment & Communities on

how the ongoing work to improve the Housing Repairs Service will positively impact on the Service and the delivery of repairs for tenants.

- 4.13 The board also heard information from Gary Craig, Housing Improvement Manager, East Ayrshire Council on how improvements, through redesign of their service has improved the customer journey and efficiencies within their service, which provided a level of assurance that the work currently being undertaken within Renfrewshire will have positive benefits for both the service and our customers.
- 4.14 In terms of ICT improvements, there is currently a procurement exercise taking place to provide a mobile platform which will enable all Building Services operatives the ability to receive tasks in real time. Combined with other ongoing projects relating to stocked vans and improved stores operations, the system will provide greater productivity amongst operatives and will ultimately lead to a better customer journey. The new system is proposed to be in place by the end of 2018.
- 4.15 The new IT systems will permit some immediate benefits such as the use of reminder texting/emails for customers who have appointable repairs and longer term this is expected to significantly reduce the number of visits which result in no access being gained by operatives, requiring repeat visits.

5. Conclusion

- 5.1 The overall conclusion of the review was that delivery of the repairs service within Renfrewshire Council by Building Services and its external contractors is operating satisfactorily and the redesign which is currently underway will further improve the customer journey and satisfaction levels for our tenants

Implications of the Report

1. **Financial** - none
2. **HR & Organisational Development** - none
3. **Community Planning** - none
4. **Legal** - none
5. **Property/Assets** - none
6. **Information Technology** - none

7. **Equality & Human Rights** - The recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.
 8. **Health & Safety** - none
 9. **Procurement** - none
 10. **Risk** - none
 11. **Privacy Impact** - none
 12. **Cosla Policy Position** - none
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List of Background Papers –

1. Minute of meeting of the Audit, Risk and Scrutiny Board on 6 November 2017
 2. Minute of meeting of the Audit, Risk and Scrutiny Board on 22 January 2018
 3. Minute of meeting of the Audit, Risk and Scrutiny Board on 19 March 2018
 4. Minute of meeting of the Audit, Risk and Scrutiny Board on 29 May 2018
-

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To: **Audit, Risk and Scrutiny Board**

On: **27 August 2018**

Report by: **Lead Officer**

Heading: **Review of Bus Deregulation and its effect on transport services in Renfrewshire**

1. Summary

- 1.1 As part of the Audit, Risk and Scrutiny Board annual programme for 2017/18 it was agreed that a review of Bus Deregulation and its effect on transport services in Renfrewshire would be undertaken. The purpose of the review is to evaluate the effectiveness of current or proposed legislation in providing a service to the travelling public. The expected outcome of the review is the production of a report that allows the Council to take an evidence based view on any proposals regarding changes in the legislative framework for bus provision.
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2. Recommendations

- 2.1 The Board is asked to:
- approve the purpose and scope of the review;
 - approve the provisional timescale as outlined in Appendix 1 of this report;
 - authorise the Lead Officer to contact any organisations recommended by the Board who may have information useful to the Board and who may be potential witnesses;
 - delegate powers to the Lead Officer, in consultation with the Convenor, and grant the Convenor of the Board permission to alter the timetable having regard to the availability of evidence and witnesses throughout the course of the review; and,
 - authorise the Lead Officer to make the necessary arrangements to progress the review within the agreed timescales.
-

3. **Background**

- 3.1 The Transport Act 1985 introduced the deregulated market into the British bus industry. It remains the main legislation governing bus service provision today.
- 3.2 The main impact of the Transport Act was to move from council-run bus services into an open commercial market. The abolition of road service licensing allowed the introduction of competition on local bus services for the first time since the 1930s. To operate a service, all an accredited operator required to do was to provide 56 days notice to the Traffic Commissioner of their intention to commence, cease or alter operation on a route.
- 3.3 From the outset, existing operators faced competition on their most profitable routes, both from new and existing operators. This intense competition sometimes resulted in what is often referred to as 'Bus Wars'.
- 3.4 This was particularly evident in Paisley Town Centre where small independent operators vied for business between one another and with larger bus companies, leading to problems with congestion and pollution. This problem was resolved by the introduction of a Statutory Quality Partnership developed between Strathclyde Partnership for Transport (SPT), Renfrewshire Council, and commercial operators. This was the first such partnership agreement in Scotland.
- 3.5 SPT is the passenger transport executive responsible for planning and coordinating regional transport, especially the public transport system, in the Strathclyde area of western Scotland. SPT is a partnership made up of the 12 authorities that were part of the former Strathclyde Regional Council. SPT has responsibility for planning of all regional transport.
- 3.6 In Renfrewshire, private bus operators such as McGills and First Bus dominate the market. As commercial businesses, their priority is to make a profit. This can lead to problems in providing bus services to unprofitable routes such as rural areas or at off-peak times in the evenings and weekends. The effect of this can be to isolate people in these areas, particularly those without access to their own transport, or have disabilities, or who cannot afford alternatives such as taxis.
- 3.7 SPT has a total budget of around £12m (for the whole of the Strathclyde area) for the provision of *supportive services* where it is considered that bus services are socially necessary. This includes the 'My Bus' service. However, legislation does not allow SPT to provide a service that would impinge on a commercial service. This, alongside its limited budget, means that the potential solution of SPT providing a service to adversely affected areas will not resolve the problem.
- 3.8 It is clear that many people living in areas that are poorly served by commercial bus companies are disadvantaged by the current arrangements.

- 3.9 A potential solution to this issue may come from the Transport (Scotland) Bill, published on 11th June 2018. The Bill introduces a new exemption into the 1985 Act which enables councils to decide to run local services themselves (or by means of a company formed by them) in those situations where they think action needs to be taken to meet local service requirements.
- 3.10 Part 2 of the Bill deals specifically with bus services, and breaks down into four sub-topics that provide new powers to local transport authorities to better manage local bus services:
- Provision of local services by local authorities
 - Bus services improvement partnerships
 - Local services franchising
 - Information relating to services
- 3.11 Part 3 of the Bill also makes changes to the existing legislation about ticketing arrangements and ticketing schemes for bus travel.
- 3.12 The submission date for responses to the Transport (Scotland) Bill is 28th September. SPT is currently preparing a response to the Bill and is seeking the views of constituent councils with the intention of making this a joint response with all partner authorities. Renfrewshire intends to respond to parts 2 and 3 of the Bill through SPT by issuing comment for inclusion in its joint response.

4. **Purpose of the Review**

- 4.1 The key purpose of this review will be to:
- (1) Understand the impact of bus deregulation on transport services in Renfrewshire
 - (2) Consider in particular those communities and individuals who are adversely affected by bus deregulation
 - (3) Identify what actions could be taken under the existing arrangements to improve transport services, particularly bus services.
 - (4) In partnership with SPT to consider the proposed powers available via the Transport Bill to put in place new arrangements to better manage local bus services.

5 **Scope of the Review**

- 5.1 In relation to 4.1(1) above, the focus of the review will be on using research and information available at local and national levels on the impact of bus deregulation and reporting this back to the Board at subsequent meetings.
- 5.2 In relation to 4.1(2) above, the Lead Officer will work alongside colleagues in Environment and Communities, and SPT, to seek their views about how best to identify and engage with those communities and individuals adversely affected by the impact of bus deregulation.

- 5.3 In relation to 4.1.(3) above, part of the review will be to consider what actions could be taken under existing arrangements to improve bus services.
- 5.4 In relation to 4.1.(4) above, to consider how the Transport Bill will impact on the provision of bus services within Renfrewshire, and how the new powers being conferred to local transport authorities might result in better management of Renfrewshire's bus services.
- 6 Timetable and witnesses**
- 6.1 It is proposed that the review commences following the meeting of the Audit, Risk and Scrutiny Board and is progressed through subsequent Board meetings, with a final draft report being submitted for approval in May 2019 and a final report thereafter to Council in August 2019. (Timetable appended).
- 6.2 It is suggested that witnesses/ representatives from the council's Environment & Communities service department, SPT, and community representatives including Local Area Committees be invited to future meetings to provide information to the Board. There are commercial sensitivities around direct engagement with private bus companies, and advice will be sought from SPT and Environment & Communities colleagues in this regard. Witnesses will be asked to provide written evidence prior to any meetings with the Board to allow members sufficient time for preparation ahead of the meeting.

Implications of the Report

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|----|---|---------------|
| 1. | Financial | - none |
| 2. | HR & Organisational Development | - none |
| 3. | Community Planning | - none |
| 4. | Legal | - none |
| 5. | Property/Assets | - none |
| 6. | Information Technology | - none |
| 7. | Equality & Human Rights
If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website. | |
| 8. | Health & Safety | - none |
| 9. | Procurement | - none |

- | | | |
|-----|---------------------------|---------------|
| 10. | Risk | - none |
| 11. | Privacy Impact | - none |
| 12. | COSLA implications | - none |

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Appendix 1 Timetable for Review of Bus Deregulation and its effect on transport services in Renfrewshire



Date of Board Meeting	Stage of Review
27 August 2018	Commencement of review
25 September 2018	Continuation of review
5 November 2018	Continuation of review
21 January 2019	Continuation of review
18 March 2019	Continuation of review
28 May 2019	Draft report to Board



To: Audit, Risk and Scrutiny Board

On: 27 August 2018

Report by: LEAD OFFICER

Heading: Review of the newly introduced speed limit in Brookfield (A761)

1. Summary

- 1.1 At its meeting on 26 August 2017 members of the Audit, Risk and Scrutiny Board agreed an annual programme of activity and that this topic should be taken forward. The former Audit, Scrutiny and Petitions Board agreed to undertake this investigation as part of the 2016 /2017 Annual Programme. However it was not started last year and was continued into this year's programme.
 - 1.2 It is requested that the review considers the appropriateness of the historical reduction in the speed limit to 30mph on a stretch of the A761 going through Brookfield.
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2. Recommendations

- 2.1 The Board is asked to:
 - Approve the scope and purpose of the review;
 - Approve the provisional timescale as outlined in the report;

- Authorise the Lead Officer to contact any organisations or individuals recommended by the Board who may have helpful information and may be potential witnesses;
- Delegate powers to the Lead Officer, in consultation with the Convenor and grant the Convenor of the Board permission to alter the timetable having regard to the availability of evidence and witnesses throughout the course of the review;
- Authorise the Lead Officer to make the necessary arrangements to progress the review within the agreed timescales

3. **Background**

3.1 In 2006 the Scottish Government provided new guidance to Local Authorities regarding the speed limit on roads under their control. The guidance provided a detailed framework for how speed limits should be assessed and imposed. Within this guidance was an instruction for each Local Authority to carry out a “Speed Limit Review” on all A and B class roads by 2011.

3.2 In carrying out this review in 2011 the following information was gathered and considered for all A and B class roads in Renfrewshire:

- Accident records
- Traffic volumes
- Existing mean speeds
- Geographical layout and physical characteristics
- Location and type of existing speed limit

The review identified several locations where the existing speed limit did not meet the framework’s criteria and requested consideration to reducing the speed limit on those locations. The review did identify some locations where a technical evaluation suggested a raised speed limit. At this time Council officers suggested that there was little or no support for raising speed limits and consequently proposed no increased speed limits.

- 3.3 In 2011 the Environment and Infrastructure Policy Board approved, subject to police agreement, a list of speed limit reductions on nine A and B roads. This included the speed limit on a stretch of the A761 being reduced to 30mph that incorporated the section going through Brookfield.

4. Purpose of the Review

- 4.1 The key purpose of this review will be to:

- (1) Consider the 2011 decision made around this speed limit and whether this is still considered suitable.
- (2) If a change to another speed is considered suitable for this finding to be recommended to the appropriate Board.
- (3) Consider any other areas of concern or learning surrounding the decision made around this speed limit.

5. Scope of the review

- 5.1 In relation to the above the focus will be on reviewing the Speed Limit Review which supported the initial decision
- 5.2 The Lead Officer will focus on the key services which are expert in this area. It is anticipated this will predominantly be Environment and Communities Services, which falls within the remit of the Head of Operations & Infrastructure with Police Scotland being the other key agency. The local community should also be represented.
- 5.3 This review will only consider this particular speed limit. No other speed limits fall within the scope of this review.

6. Timetable and Witnesses

- 6.1 It is proposed the review commences following the approval of the Audit, Risk and Scrutiny Board in August 2018. A proposed timetable is appended. It is anticipated the issue could be progressed through two or three Board meetings with a final draft being submitted for approval on 18 March 2019 and a final report thereafter to Council on 19 May 2019.

- 6.2 From an initial review of circumstances it is suggested a witness from Environment and Communities service, Police Scotland and the local Brookfield community be invited to future meetings to provide information, advice and views. Where suitable witnesses will be asked to provide any written information in advance of any meetings to allow Board members preparation time.

Implications of the Report

- | | | |
|----|--|---------------|
| 1. | Financial | - none |
| 2. | HR & Organisational Development | - none |
| 3. | Community/Council Planning | - none |
| 4. | Legal | - none |
| 5. | Property/Assets | - none |
| 6. | Information Technology | - none |
| 7. | Equality & Human Rights | - none |

- (a) The Recommendations contained within this report have been assessed in relation to their impact on equalities and human rights. No negative impacts on equality groups or potential for infringement of individuals' human rights have been identified arising from the recommendations contained in the report. If required following implementation, the actual impact of the recommendations and the mitigating actions will be reviewed and monitored, and the results of the assessment will be published on the Council's website.

- | | | |
|-----|------------------------------|---------------|
| 8. | Health & Safety | - none |
| 9. | Procurement | - none |
| 10. | Risk | - none |
| 11. | Privacy Impact | - none |
| 12. | Cosla Policy Position | - none |

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Appendix 1 Timetable for review of the newly introduced speed limit in Brookfield (A761)

Date of Board Meeting	Stage of Review
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5 November 2018	Review commences
21 January 2019	Review continues
18 March 2019	Draft Report to Board
9 May 2019	Final Report to Council

