

Notice of Meeting and Agenda Audit, Risk and Scrutiny Board

Date	Time	Venue
Monday, 21 August 2023	15:00	Council Chambers (Renfrewshire), Council Headquarters, Renfrewshire House, Cotton Street, Paisley, PA1 1AN

MARK CONAGHAN
Head of Corporate Governance

Membership

Councillor Andy Doig (Convener): Councillor Kevin Montgomery (Depute Convener):

Councillor Jennifer Adam: Councillor Chris Gilmour: Councillor John Gray: Councillor
Lisa-Marie Hughes: Councillor Robert Innes: Councillor James MacLaren: Councillor
Janis McDonald:

Webcasting of Meeting

This meeting will be filmed for live or subsequent broadcast via the Council's internet site – at the start of the meeting the Convener will confirm if all or part of the meeting is being filmed. To find the webcast please navigate to

<https://renfrewshire.public-i.tv/core/portal/home>

Hybrid Meeting

Please note that this meeting is scheduled to be held in the Council Chambers. However, it is a hybrid meeting and arrangements have been made for members to join the meeting remotely should they wish.

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 email democratic-services@renfrewshire.gov.uk

Apologies

Apologies from members.

Declarations of Interest and Transparency Statements

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

AUDIT

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To: Audit, Risk and Scrutiny Board

On: 21 August 2023

Report by: Chief Auditor

Heading: Summary of Internal Audit Reports for period 01 April to 30 June 2023

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 1 April to 30 June 2023 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 OneRen 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.
-

2. **Recommendations**

- 2.1 Members are invited to consider and note the Summary of Internal Audit Reports finalised during the period from 1 April to 30 June 2023.
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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
13. **Climate Risk** - None

Author: Karen Campbell – 07768354651

Appendix 1

Renfrewshire Council

Internal Audit Service

Update for Audit, Risk and Scrutiny Board

Final Audit Reports issued from 1 April – 30 June 2023

Category	Service	Engagement	Assurance Rating	Recommendation Ratings			
				Critical	Important	Good Practice	Service Improvement
Assurance	Environment, Housing & Infrastructure	Rental Income	Substantial	0	0	0	0
	Environment, Housing & Infrastructure/Childrens Services	School Meals Debt	Limited	3	5	1	0
	Finance and Resources	Cyber Security	Reasonable	0	2	2	0
Governance	Finance and Resources	Information Asset Register	Limited	1	2	3	0

Note – 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 • 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

Environment, Housing & Infrastructure

Rental Income (A0041/2023/001))

Date: June 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Rents collected are allocated to the correct tenant's accounts;
2. Appropriate reconciliations are performed against the general ledger and discrepancies investigated;
3. Arrears are appropriately monitored, followed up and recovered;
4. Rent collection and arrears levels are appropriately reported to management.

Audit Scope

1. Interviewed the appropriate staff, evaluated the system in place for rent collection for council houses and identified any possible improvements to the system.
2. Prepared a series of tests to ensure the rent collection for council houses processes are operating effectively and as described.
3. Current tenant arrears were tested during the audit. (Former tenant arrears were excluded from the audit scope).

Key Audit Assurances

1. The sample of rents collected tested were allocated to the correct tenant's accounts and cost centre in Business World.
2. Appropriate reconciliations are performed between the housing system and the general ledger and discrepancies investigated;
3. Arrears are appropriately monitored, followed up and recovered;
4. Rent collection and arrears levels are appropriately reported to management.

Key Audit Risks

There were no key risks identified during the audit.

Overall Audit Opinion

The controls in place for rent collection from council housing tenants were found to be satisfactory. Rent collection and arrears levels are appropriately reported to management.

Gross Rent Arrears as a percentage of rent due has increased in the last few years as a result of the covid 19 pandemic and cost of living pressures.

It was reported to the Communities and Housing Policy Board in January 2023 that 'Gross Rent Arrears have increased by over £1.1m in the last 6 months to £4,930,500. The level of arrears increase is the same as that of other similarly sized authorities'. At

Internal Audit Report
Environment, Housing & Infrastructure
Rental Income (A0041/2023/001))

Date: June 2023

the time of the review to address this, management have increased the level of advice and support to tenants and targeted arrears at the earliest possible stage to stop escalation of debt.

Management Commentary

N/A as no key risks were identified during the review

Internal Audit Report

Environment & Infrastructure/Childrens Services

School Meals Debt (A0018/2023/001)

Date: April 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that: –

1. A weekly report is run from ParentPay to identify overdrawn school meals accounts.
2. Timely follow up action is taken on overdrawn accounts and supporting evidence is retained.
3. The appropriate systems are updated to reflect free meal entitlement awards.
4. The Head Teacher waiver forms are completed where required and are reviewed regularly.
5. Invoices are prepared on Business World where necessary and the debt transferred to the Finance Recovery Team or charged to the school.
6. ParentPay is appropriately updated with all relevant information.

Audit Scope

1. Obtained a copy of the school meals debt process entitled, 'Unpaid Meals Management Process', issued to schools for implementation in October 2021.
2. Interviewed relevant officers and acquired background information.
3. Prepared a series of tests to meet the above objectives and selected a sample of 2 High Schools and one Primary School for testing

Key Audit Assurances

1. Generally, a weekly report is run from ParentPay to identify school meals accounts that are overdrawn.
2. ParentPay is appropriately updated with all relevant information i.e. school meals taken, free school meal entitlement and gentle debt reminders issued.

Key Audit Risks

The procedures were not fully implemented in High Schools and therefore there are risks that:-

1. Where support calls are not made to guardians regarding overdrawn accounts, Head Teachers are unaware of the contributing circumstances leading to the debt situation and whether a Head Teacher waiver would be appropriate or if an application for free school meals may be necessary.
2. Where accumulated debts are not pursued either by invoice via Business World or by charging the school account, the costs incurred for food provided while accounts have an overdrawn balance will remain as a debit within Environment & Infrastructure accounts. Furthermore, the Finance Recovery Team will be unable to implement recovery of the debts if invoices are not raised as required.

Internal Audit Report
Environment & Infrastructure/Childrens Services
School Meals Debt (A0018/2023/001)

Date: April 2023

Overall Audit Opinion

Documented procedures to address school meals debt were issued to schools on 18th October 2021 for implementation. However, these are only partially implemented at secondary schools thereby allowing debt to continue to accumulate. The Auditor was advised that it is the opinion of some School Head Teachers there are steps in the process that are detrimental to the parent/school relationship. In addition, there are historical issues relating to the pilot of the ParentPay process. Therefore, action is not always being taken to identify the circumstances contributing to the school meals debt and whether assistance can be provided. Furthermore, invoices are not being issued when required. This has resulted in a significant number of overdrawn school meals accounts on the ParentPay System. As a result of these failings, a provision of limited assurance has been made with regards to this review.

Management Commentary

Children's Services (CS) carried out a review of the "unpaid meals management process and are in the process of finalising arrangements with colleagues in Environment, Housing & Infrastructure and Finance and Resources senior management prior to implementation. A key component of the revised process will include pastoral support from key staff in the school to ensure that families are aware of accrued debt at an earlier stage and signposted to services to support finances where appropriate. Revised procedures will further support overall communication with parents/carers and will be monitored on an on-going basis to ensure they are consistently applied across establishments.

Internal Audit Report

Finance and Resources

Cyber Security (A0075/2023/001)

Date: June 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the audit were to ensure that:

1. Appropriate governance arrangements are in place with accountability and responsibility for cyber security being allocated to appropriate individuals.
2. Cyber risks and vulnerabilities are regularly assessed through internal processes or contracted arrangements.
3. Actions arising from risk assessments are prioritised, planned and monitored at an appropriate level for completion.
4. Incident response planning and decision-making arrangements are adequately documented and understood by the relevant parties; and
5. Arrangements are in place to provide training and awareness raising to relevant employees.

Audit Scope

1. Interviewed relevant officers responsible for the governance of cyber security arrangements and acquired background information.
2. Prepared a series of tests to meet the above objectives

Key Audit Assurances

1. The Council's ICT Security Policy is aligned to the NCSC (National Cyber Security Centre) 10 steps to cyber security and the Council has obtained PSN (Public Services Network) certification.
2. The Council is in the process of implementing a managed SOC (Security Operations Centre) which provides 24-hour monitoring to identify anomalous behaviours that might be indicative of a cyber-attack.,
3. A Cyber Incident Response Action Card (playbook) has been developed for potential phishing attacks and this appears to be well developed with detailed instructions and in understandable language.
4. The Council have also developed the RenSafeOnline program working in partnership with an online safety charity Introducing the GetSafeOnline certified Ambassador scheme, volunteers are trained on how to recognise if a person is at harm from online threats such as scams or bullying and providing advice to organisations and citizens who live and work in the region.

Key Audit Risks

1. If staff do not participate in the available training and awareness regarding cyber security, this could result in staff being unaware of how to respond to a cyber-attack or their roles and responsibilities.

Internal Audit Report
Finance and Resources
Cyber Security (A0075/2023/001)

Date: June 2023

2. If incident response planning and decision-making arrangements are not adequately documented or understood for cyber security scenarios, this could result in an uncoordinated or inadequate response.

Overall Audit Opinion

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. The audit identified some scope for improvement in the existing arrangements and made recommendations to address the matters identified.

Management Commentary

The audit recommendations are in the process of being implemented. Completion of Cyber Security Training by Staff is now being monitored and a process has been put in place to address any issues identified. The incident response procedure for cyber security is currently being reviewed and updated where necessary and further training will be given to key personnel when the procedure is finalised.

Internal Audit Report

Finance & Resources

Information Asset Register (B0010/2023/001)

Date: June 2023

COMMITTEE SUMMARY

Audit Objectives

The objectives of the review were to ensure that:

1. An Information Asset Register is in place which records the information required by Article 30 of General Data Protection Regulation (GDPR)
2. Information Asset Owners have been assigned to each information asset and Information Asset Administrators have been appointed to maintain the register;
3. Risks to each information asset have been assessed and procedures have been put in place to mitigate those risks;
4. Additions and deletions of information assets are adequately monitored;
5. The Information Asset Register is regularly reviewed to ensure it is kept up to date.

Audit Scope

1. Interviewed the appropriate staff, evaluated the system in place for maintaining the Information Asset Register and identified any possible improvements to the system.
2. Prepared a series of tests to ensure the Information Asset Register processes are operating effectively and as described.

Key Audit Assurances

1. The main requirements of GDPR Article 30 have been included in the headings in the Information Asset Register.
2. There are regular communications with service officers to remind them to complete all fields in the Information Asset Register and to keep the register up to date. It is also a standing agenda item in Corporate Management Team updates to ensure Information Asset Owners /Administrators are the appropriate officers and have the ongoing support of the CMT to maintain service entries in the Information Asset Register.
3. There is a documented process for Information Asset Administrators on how to complete the Information Asset Register and a number of workshops have been hosted regarding this process.
4. Work to archive information assets no longer required and remove other information from view has been carried out to make the Information Asset Register more manageable.

Key Audit Risks

1. Where there is not sufficient ownership and oversight of the Information Asset Register, Information Asset Owners/ Administrators may not be held accountable for keeping the register up to date.
2. Where the Information Asset Register is not kept up to date, there may be reputational damage for the council.

Internal Audit Report
Finance & Resources
Information Asset Register (B0010/2023/001)

Date: June 2023

Overall Audit Opinion

Work has been carried out by the Enterprise Architecture Team to update the council's Information Asset Register and by the Information Governance Team to communicate to Information Asset Owners/Administrators that they should complete all fields in the Information Asset Register and to keep the register up to date. However, there is a lack of ownership and oversight of the information contained in the Information Asset Register. We have recommended that the Information Governance team should request positive affirmation/sign off annually from Information Asset Owners that the register is up to date. In addition, Information Asset Owners for each service, should usually be at Head of Service level, and should take overall responsibility for maintaining the Information Asset Register for their service area and ensuring that it is up to date.

Management Commentary

Whilst a significant amount of work has already been progressed in the area, work is ongoing to implement the audit recommendations to further enhance the operation of the information Asset Register. This includes creation and inclusion of a checklist into the Business As Usual Risk Assurance model seeking annual assurance from Services that Information Asset Owners/Administrators are in place and there is appropriate oversight of Information Asset Register activity. The Information Management & Governance Group will lead on the checklist creation and work with the Risk Manager to embed this into the BAU Risk Assurance processes.



To: Audit, Risk and Scrutiny Board

On: 21 August 2023

Report by: Chief Auditor

Heading: Internal Audit and Counter Fraud Progress and Performance for Period to 30 June 2023

1. Summary

- 1.1 The Internal Audit Annual Plan was approved by the Audit, Risk and Scrutiny Board on 13 March 2023. 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 2023 to 30 June 2023, 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 Department for Work and Pension's (DWP) Single Fraud Investigation Service and the Service Level Agreement for this work contains time targets for completing this work. In addition, the types of fraud referrals received from Council services to date are wide ranging and the team's objective is to concentrate on investigating those referrals considered to contain the greatest fraud risk. We are also involved in promoting fraud awareness within the Council.
- 1.3 All of the Internal Audit Team and Counter Fraud Team are working on a hybrid basis and also undertake home/site visits when the need arises. We also provide advice and support where necessary to council.

- 1.4 The report details progress against local and national initiatives involving Internal Audit and the Counter Fraud Team from 1 April 2023 to 30 June 2023
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2. Recommendations

- 2.1 Members are invited to note the Internal Audit and Counter Fraud Team progress and performance to 30 June 2023.
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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, there are time targets in place for responding to requests from the DWP's Single Fraud Investigation Service. 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.

4. Internal Audit Team Performance

(a) Percentage of audit plan completed as at 30 June 2023

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

Actual 2022/23	Annual Target 2023/24	Audit Plan Completion Target to 30 June 2023	Audit Plan Completion Actual to 30 June 2023
93.2%	95.0%	19%	21.6%

Actual performance is currently ahead of target.

(b) Percentage of assignments complete by target date

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

Target 2023/24	Actual to 30 June 2023
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 2023/24	Actual to 30 June 2023
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.

5. Review of the 2023/24 Internal Audit Plan

5.1 All of our staff are currently working on a hybrid basis and utilising the Council's various tools to continue to undertake audit assignments. The priorities for the team this quarter is to undertake any investigations that have arisen and also to complete the work outstanding from 2022/23.

5.2 Our 2023/24 Audit Plan is subject to regular review in light of any risks arising from the Council's organisational recovery or otherwise and also to determine whether any assignments will have to be amended or cancelled as result of being unable, for any reason, to undertake the work planned. No amendments or cancellations to our planned assignments are deemed necessary at this stage.

6 Counter Fraud Team Progress and Performance

6.1 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. Where a suspicion of fraud arises, the team investigate and report their findings to management. Where appropriate, follow-on action is taken, such as reporting the matter to Police Scotland for further investigation, or directly to the Procurator Fiscal. In addition, they also work jointly work with DWP Fraud Officers on criminal fraud investigations which focuses on the investigation and prosecution of the Local Authority administered Council Tax Reduction Scheme (CTRS) and Social Security benefit fraud.

6.2 Part of the remit of the Corporate Counter Fraud Team is to raise awareness of fraud, and to encourage and promote an anti-fraud culture. A Counter Fraud training course has been developed, and is now available to staff on the ilearn system.

6.3 During this quarter, we have mainly been working on the various fraud referrals received and completing investigations into matches received in January 2023 from the National Fraud Initiative administered by Audit Scotland. As part of our fraud prevention work we have also been validating any bank account or remittance contact changes received from the Council's suppliers and contractors.

6.4 The financial and non-financial results for quarter 1 (April 2023 to June 2023) are noted in the table below.

Financial Outcomes	Quarter 1 (£)
Cash savings directly attributable to preventative counter fraud intervention	1,892
Cash recoveries in progress directly attributable to counter fraud investigations	13,587
Housing Benefit savings directly attributable to counter fraud investigation	0
Housing Benefit Savings Attributable to Joint Working by Counter Fraud and DWP Counter Fraud Officers	11,158
Notional savings identified through counter fraud investigation, (e.g. housing tenancy and future council tax)	4,148
Non-Financial Outcomes	Quarter 1
Housing properties recovered	0
Housing applications amended/cancelled	0
Blue badge misuse warning letters issued	3
Blue Badges Cancelled	2
Licences revoked	0
Supplier/Contractor Checks Undertaken	74

6.5 Our notional savings are based on the methodology prepared by the Cabinet Office and this has been revised from April 2023.

7. Local and National Initiatives

National Fraud Initiative

7.1 Reviews of National Fraud Initiative matches received in by the Council are being co-ordinated by a Counter Fraud Officer and this work has been split between Counter Fraud and Service Staff.

Scottish Local Authorities Chief Internal Auditors' Group

- 7.2 This Group ran a 2 day conference "Connections, Collaborations, Catalysts" in June 2023 for Internal Audit and Counter Fraud Staff. The topics focused on this year were counter fraud, data analytics and climate change and the conference was well attended and provided a great networking opportunity with other local authority colleagues.

External Quality Assessment

- 7.3 We are continuing to progress the agreed action plan arising from our second external assessment reviewing how our service undertakes some of its functions.

Implications of the Report

1. **Financial** - The Council has in place arrangements to recover the any overpayments identified from the work of the Counter Fraud Team and the National Fraud Initiative.
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 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

13. **Climate Risk** - None

Author: Karen Campbell – 07768354651



To: Audit, Risk and Scrutiny Board

On: 22 August 2023

Report by: Chief Executive

Heading: 2022/23 Complaints Handling Performance

1. Summary

- 1.1 Renfrewshire Council's complaint handling procedure (CHP) helps the Council to improve services and processes based on customer feedback. It is one of a range of methods to help the Council understand how well it is delivering its services.
- 1.2 Introduced in 2013, the Council's CHP complies with the Scottish Public Services Ombudsman's (SPSO) guidance and aims to help 'get it right first time'. The expectation is to have quicker, simpler and more streamlined complaints handling with early response by capable, well-trained staff. As part of the procedure, all complaints are recorded and monitored.
- 1.3 This report provides information on complaints closed during the year from 1 April 2022 to 31 March 2023 and performance on key indicators, as well as highlighting improvements made to the complaints handling procedure (CHP) to ensure that complaints are handled well, and the organisation learns from them and improves service delivery where appropriate. Data is taken from the Council's DASH system, which is used by all services and allows for consistency in recording and reporting of complaints information.
- 1.4 The key messages highlighted in the report are as follows:

- 9,155 complaints were received in 2022/23, compared with 9,193 in 2021/22;
- 88.3% of our complaints are dealt with as frontline response, demonstrating the Council's commitment to getting it right first time in response to complaints (87.9% in 2021/22);
- 83.8% of frontline complaints and 89.5% of investigation complaints received were completed within target timescales (80.6% and 76.7% respectively in 2021/22);
- the average time to respond to frontline complaints was 4 days, against a target of 5 days and is an improvement from the previous year's figure of 5 days;
- the average time to respond to an investigation complaint was 14 days, an improvement on the 2021/22 figure of 16.5 days and well within the SPSO target of 20 days; and
- the 2022/23 breakdown of complaints received by services continues to be broadly reflective of the volume of services provided, with Environment and Infrastructure delivering the highest volume and widest scope of frontline Council services and consequently receiving the highest volume of customer interactions.

1.5 A performance scorecard has been included within the appendix of this report to provide additional data for 2022/23 performance. The appendix also shows the impact of the pandemic on performance during 2020/21 as well as the improvements in 2021/22 as services moved into the pandemic's recovery phase.

1.6 All indicators will continue to be monitored regularly and support and guidance will be provided to all services to assist with analysing and improving performance where required.

2. Recommendations

2.1 It is recommended that members of the Audit, Risk and Scrutiny Board:

- Note the content of this report.

3. Background

3.1 Renfrewshire Council's Complaint Handling Procedure (CHP) was implemented in 2013 and complies with the model complaints handling procedure for local authorities introduced by the Scottish Public Services

Ombudsman at that time. It is regularly reviewed to include updated guidance. The most recent guidance was implemented in 2020/21.

- 3.2 The CHP reflects Renfrewshire Council's ongoing commitment to the provision of high-quality complaints handling. The CHP operates to ensure that complaints are processed and responded to consistently within target timescales, with a particular focus on working to resolve customer dissatisfaction as close as possible to the point of contact or service delivery.
- 3.3 Services are required to record, analyse and monitor complaints performance and use the information gathered through the CHP to improve service delivery wherever possible.
- 3.4 In line with the SPSO complaints handling procedure, Renfrewshire Council's CHP uses a two-stage process, Frontline Response and Investigation (also referred to as Stage 1 and Stage 2).
- 3.5 The frontline response stage aims to quickly resolve straightforward customer complaints that require little or no investigation. Any member of staff may deal with complaints at this stage, and these are often dealt with 'on the spot' – an explanation, apology or an action to put something right may all be appropriate responses to a frontline complaint.
- 3.6 The main principle is to seek an early response, resolving complaints at the earliest opportunity and as close to the point of service delivery as possible. This may mean a face-to-face discussion with the customer or asking an appropriate member of staff to deal directly with the complaint. The Council has 5 days to respond to these complaints.
- 3.7 An example of a complaint which may be addressed at the frontline response stage is where a customer complains that a staff member failed to attend a scheduled appointment. When this is reported, the service should provide an apology and reschedule the appointment at a suitable time for the customer.
- 3.8 Not all complaints are suitable for frontline response and not all complaints will be satisfactorily resolved at this stage. Investigation complaints are typically complex or require a detailed examination before resolving. These complaints may already have been considered at the frontline response stage, or they may have been identified from the start as needing investigation. In these cases, the customer should receive an acknowledgement of their complaint within three working days and be advised that it is being dealt with as an investigation.
- 3.9 An investigation aims to establish all the facts relevant to the points made in the complaint and to give the customer a full, objective and proportionate

response that represents the final position. The Council has 20 days to respond to these complaints.

- 3.10 An example of an investigation complaint may relate to the standard or nature of a repair within a Council property which requires an inspection or visit to investigate. As a supervisor or manager might need to examine the repair to assess this and agree with the customer the corrective work required, it may require the 20-day timescale. Services may also agree an extension to the timescale with the customer. The SPSO procedures allow councils to extend an investigation for a further 10 working days.
- 3.11 In line with the model complaints handling procedure provided by the SPSO and with practice in other local authorities, Renfrewshire's complaints policy does not include a number of service areas that are processed through other means, some examples include: the right to appeal a refusal of planning permission or to appeal planning conditions (this is made to the Local Review Body or the Scottish Ministers); allegations of bullying in schools (these are treated and investigated as bullying incidents by the education establishment); and a compensation claim for personal injury, loss of or damage to property (these are processed through the Council's standard 'Public Liability Claim Form').
- 3.12 Since April 2017, social work complaints have been handled as part of the standard SPSO local authority procedure rather than as a separate process. Complaints relating to social work and social care for justice social work and for children and families are reported as part of the Children's Services total. The figures for Renfrewshire Health and Social Care Partnership relate to social work and social care services for adults; the HSCP data does not include complaints about NHS services.

4. National guidance from the Scottish Public Services Ombudsman (SPSO)

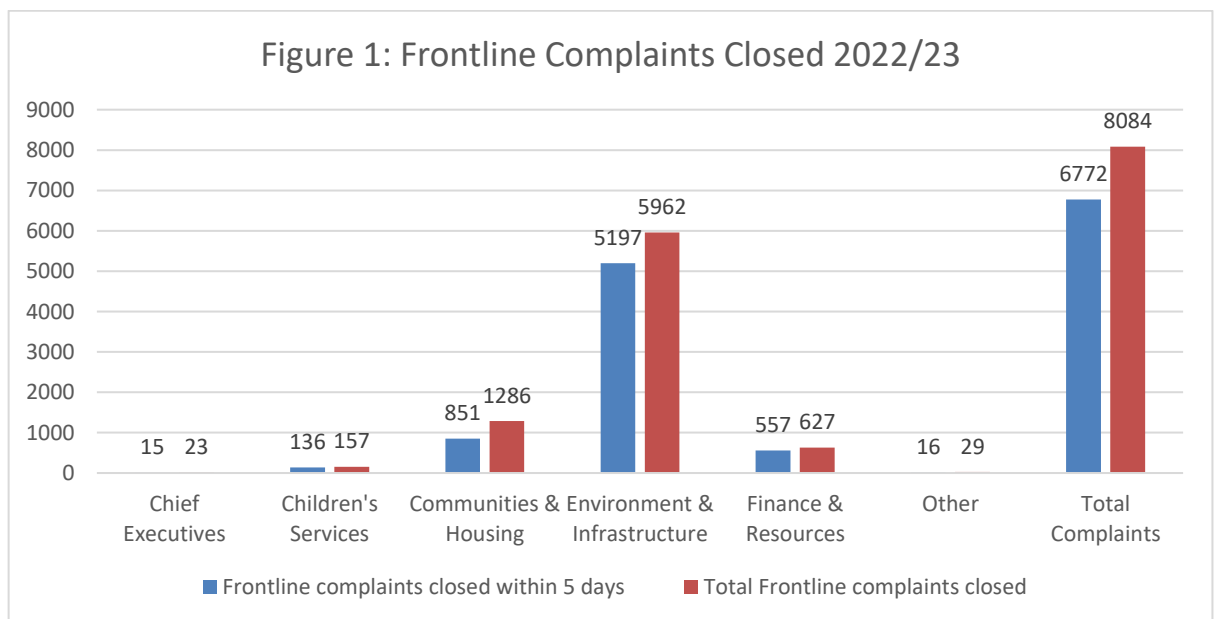
- 4.1 The SPSO completed a review on their own guidance and model complaints handling procedure in 2019. Local authorities had until 1 April 2021 to implement these national changes, the key changes to the statutory model are set out below:
- a new outcome to a complaint was introduced, where a complaint can be classed as resolved. A complaint is resolved when both the Council and the customer agree what action (if any) will be taken to provide full and final resolution for the customer, without making a decision whether the complaint is upheld or not upheld;

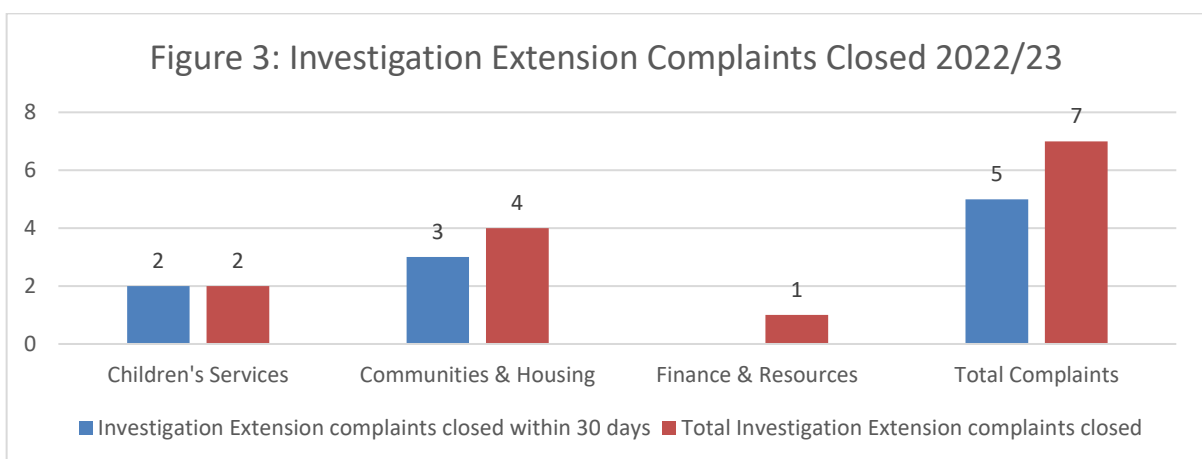
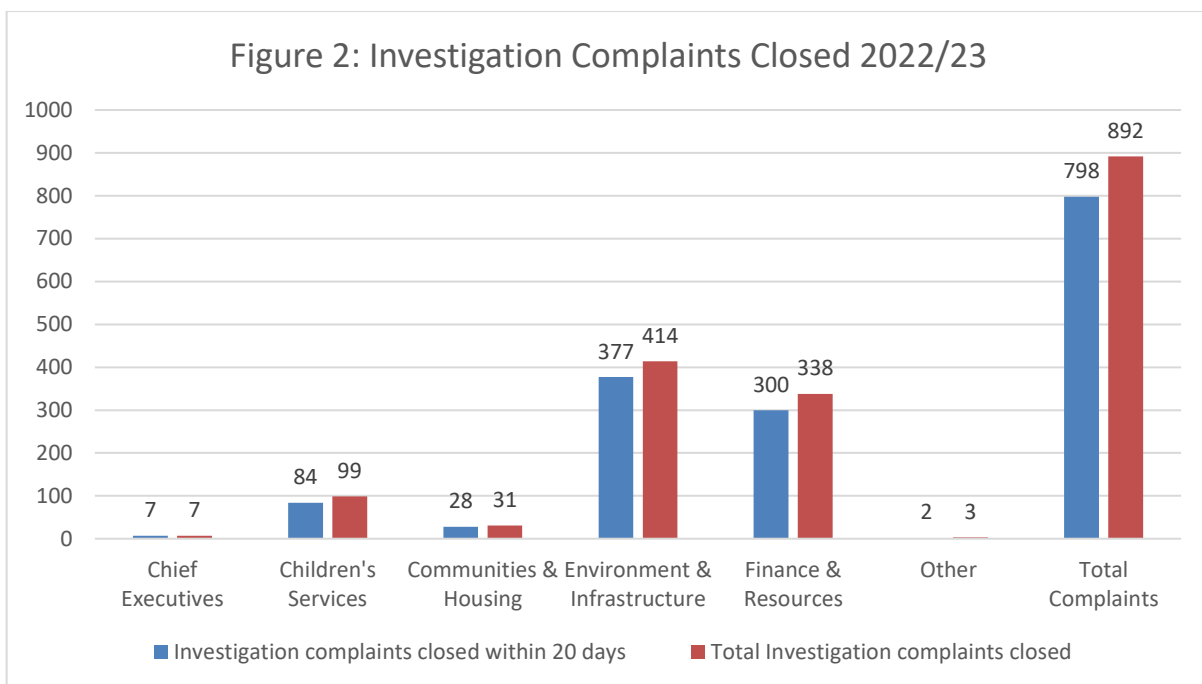
- where a customer has received a frontline response to their complaint and wishes to escalate their complaint to investigation, they must request this either within 6 months of when they first knew of the problem, or within two months of receiving their response to their frontline complaint (if this is later); and
 - the point of an investigation complaint and expected outcomes are clear from the complaint, these must be set out in the initial acknowledgment asking the customer to get in touch if they disagree.
- 4.2 When the Council's new complaints system was being developed it was configured to make sure it could capture any new information required ahead of the April 2021 deadline, such as adding the new resolved outcome and the change of terminology required. The Council's complaints policy has been updated to reflect these changes with additional guidance provided to staff.

5. 2022/23 Council Performance

- 5.1 Complaints are crucial in identifying areas or processes that need to be improved for our customers and Councils are required to report their complaints handling performance against a range of key performance indicators related to the SPSO complaints handling procedure. This report provides information on the complaints closed during the period 1 April 2022 to 31 March 2023 and Appendix 1 details Renfrewshire Council's complaints performance for 2022/23 against these key SPSO performance indicators. The SPSO publishes all local authority complaints annual reports on its website.
- 5.2 A new complaints system was launched in April 2020 and has now been fully rolled out with all Council services logging their complaints on the same system. This means that for reporting purposes, all performance data is now taken from a single source. The data includes all issues raised by customers through our complaints process, even where they are reviewed and found not to be a complaint. Examples would be where someone has used the system to report a missed bin collection, or to complain about a decision made by an organisation other than the Council.
- 5.3 The figures provided at a service level are split according to the Council's structure in 2022/23, with Communities and Housing as a distinct service at that time. Future reports will reflect the new structure, with the new Environment, Housing and Infrastructure service.
- 5.4 In 2022/23, the number of complaints received remained steady with the previous year with 9,155 received this year and 9,193 received during 2021/22. Complaints were lower than usual in 2020/21 due to the pandemic.

- 5.5 All Council services strive to ensure that complaints are answered correctly first time and that customers are responded to quickly. During 2022/23, 88.3% of complaints were addressed through a frontline response, with 83.8% of frontline complaints and 89.5% of investigation complaints received completed within target timescales. This compares with 80.6% and 76.7% respectively in 2021/22.
- 5.6 Councilwide, the average time to respond to a frontline investigation was 4 days, and investigation complaint 14 days, both within the SPSO target of 20 days.
- 5.7 Figures 1 and 2 below show the service breakdown of total complaints received and those closed within the timescales, during the period 1 April 2022 to 31 March 2023. This is for frontline response and investigation complaints. Figure 3 shows the breakdown by service of investigations which were granted an extension. The complaints for social work services are included in services provided by Children’s Services, whilst the data for the Chief Executive’s Service also includes those complaints sent directly to the Chief Executive but which can relate to any service area within the Council. ‘Other’ are those complaints which relate to our partner organisations OneRen and Renfrewshire Health and Social Care Partnership.





5.8 Scrutiny of complaints data and performance continues to be carried out on a regular basis at service-level management team meetings and has been supported by improvements in both data analytics and access to management information. This focus is having a positive impact with response rates for frontline resolutions completed within timescale improving from 73% in 2020/21 to 80.6% in 2021/22 and increasing further to 83.8% during 2022/23.

5.9 Similar improvements have also been seen in terms of investigation response rates, having improved from 74.8% in 2020/21 to 76.7% in 2021/22 and a substantial increase to 89.5% during 2022/23.

5.10 Overall the breakdown of complaints received by services is broadly reflective of the volume of services provided. Environment and Infrastructure delivers the highest volume of frontline Council services, and the most diverse, covering over 270 Council premises, 91,000 households and businesses,

supports more than 849 km of roads and transport infrastructure and collects more than 155,000 bins weekly. It is to be expected therefore that the service will receive the highest volume of customer interactions.

- 5.11 Environment and Infrastructure received over six thousand complaints during 2022/23, accounting for over 70% of all cases received during the reporting year. Waste remains the top subject category with a number of other categories featuring as the most common categories used Council-wide including Building Services, Streetscene, grass cutting, roads and waste – other. The service has demonstrated strong performance during the reporting year with the average frontline case completed in less than 4 days and investigations within 14 days, well within the target timescales.
- 5.12 Complaints received by the Chief Executive's Service mainly relate to delays with planning applications and building warrants, with the average complaints investigation taking less than 13 days to complete.
- 5.13 The majority of complaints made to Finance and Resources related to Council Tax or benefits, with 20% of complaints relating to delays in processing (benefits, revenues, SWF). The service responds to 11% of all complaints received Council-wide and showed strong performance on timescales with the average frontline case taking 2.87 days and 13.48 days for investigation cases.
- 5.14 Complaints in Children's Services are often complex as they typically relate to people rather than processes. The service makes every effort to respond to complaints in a timeous manner, taking cognisance of any sensitivities or complexities related to the child/young person, or associated provision. Current complaints data relates to social work services for children and families, to justice social work, and to those complaints made directly to senior managers about early years and education; it does not yet include frontline complaints dealt with directly by schools and early years establishments. Work is underway to roll out the system with schools.
- 5.15 Children's Services dealt with 258 complaint cases during 2022/23 with this increase partly attributed to increased centralisation of recording and reporting in the service. Almost all cases are dealt with as investigations due to complexity, with the average timescale under 15 days. The main reason for complaints relates to schools.
- 5.16 In Communities and Housing, the number of cases continued to increase into 2022/23 with Responsive Repairs the most common reason for complaints within the service and the third most common cause for complaints across the Council. Investigation complaints took, on average, just over 16 days for

completion, well within the SPSO target timescale. The service responds to 15% of the total cases received Council-wide.

5.17 As part of the functionality of the complaints system, customers can also provide comments and compliments, with 133 cases recorded during 2022/23 (117 comments and 16 compliments). A few examples of these compliments are provided below:

- “Customer said that they called the neighbourhood office with an enquiry and member of staff they spoke to was very pleasant and polite.”
- “I have just had a team fixing paving stones in my garden as path was very narrow and I had many falls due to this...I had a great team of workers who did a brilliant job of replacing and adding extra width to path with extra stones. Couldn't be happier.”
- “We attended the Paisley Halloween event Saturday 29th for the first time and we thoroughly enjoyed it, it was well executed, well thought out and well planned, something to see and do everywhere we walked, even the rain didn't put us off!! Each of the planned shows was timed perfectly, we enjoyed everything on offer, all those that participated in the shows were fantastic! Real skills and showmanship! Even the marshals were polite, directing people to the areas they wanted. Well done to all involved.”
- “The guy who came out yesterday, was a total tonic. As well as fitting the new part, which hopefully stops the problems I've been having, he was so friendly and kind. I've not been very well and he was funny, respectful and a breath of fresh air.”

6. Learning from complaints and improving the Council's complaints procedure

6.1 The complaint system, Dash, went live on 1st April 2020. It is part of the MyAccount platform, allowing current MyAccount users to log, track and receive a response to their complaint or compliment on this single system. Customers can also still log a complaint online using an online form or by writing, phoning or emailing the Council. As mentioned above, the system was configured to address some of the new national complaints procedure, such as the renaming of frontline complaints and adding the new outcome of resolved complaints.

6.2 As the roll out of the new system was carried out during the pandemic, it was supported by online training materials, webinars and a system helpdesk for relevant officers using the new system. Work will continue with schools to progress a roll-out there.

- 6.3 In preparation for the implementation of the SPSO's revised complaints procedure, additional training materials were developed, highlighting the key changes to the procedure, as well as updated staff guides.
 - 6.4 Services have access to live data from the complaints system to support them in understanding trends and performance. Council-wide performance is monitored quarterly by CMT and a recent "deep dive" performance focus provided senior leaders with granular-level data at council and service level. This data supports services to identify opportunities for improvement.
-

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** - none
3. **Community/Council Planning** –
We consider our services performance against a number of strategic outcomes to measure how we are delivering better outcomes for our local communities:

Living our Values – complaints are monitored under this outcome of the Council Plan and service improvement planning process.
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.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none
11. **Privacy Impact** – none

12. **COSLA Policy Position** – none

13. **Climate Risk-** none

List of Background Papers: none

Author: Pamela McDonald, Chief Executive's Service

Appendix 1: Renfrewshire Council Annual Complaints Report SPSO Indicators

(due to rounding, percentages may not total 100)



Total number of complaints received, frontline and investigation	2020/21	2021/22	2022/23
Total number of complaints received (open and closed)	6,179	9,193	9,155
Number of complaints closed at Frontline Response	5,197	8,082	8,084
Complaints closed at Frontline Response as a percentage of all complaints closed	84.1%	87.9%	88.3%
Number of complaints closed at Investigation	819	1,212	892
Complaints closed at Investigation as a percentage of all complaints	13.2%	13.2%	9.7%
Number of complaints closed at Investigation after escalation	81	60	7
Complaints closed at Investigation after escalation as a percentage of all complaints	1.31%	0.6%	0.1%

Average time in working days for a full response to complaints at each stage	2020/21	2021/22	2022/23
Average time in working days to respond to complaints at Frontline Response	10	5	4
Average time in working days to respond to complaints at Investigation	15	16.5	14
Average time in working days to respond to complaints after escalation	10	9.2	9

Percentage of complaints at each stage which were responded to in full within the set timescales	2020/21	2021/22	2022/23
Complaints closed at Frontline Response within 5 working days as a percentage of the total number of Frontline Response complaints	73%	80.6%	83.8%
Complaints closed at Investigation within 20 working days as a percentage of total number of Investigation complaints	74.8%	76.7%	89.5%

Number and percentage of complaints where an extension to the timescale has been authorised	2020/21	2021/22	2022/23
Complaints closed at Frontline Response where extension was authorised, as a percentage of all complaints at Frontline Response	0.0%	0.0%	0.0%
Complaints closed at Investigation where extension was authorised, as a percentage of all complaints closed at Investigation	8.96%	4.89%	0.77%



To: Audit, Risk and Scrutiny Board

On: 21 August 2023

Report by: Director of Finance and Resources

Heading: Audit Scotland – Local Government in Scotland – Overview 2023

1. Summary

- 1.1 For the past three years Audit Scotland have prepared a report on behalf of the Accounts Commission which provides a high level, independent view on the challenges local government has faced as a result of the pandemic. The third and final report on the topic was published in mid-May 2023 and is included as Appendix 1 to this report.
- 1.2 Audit Scotland identifies five key challenges for local government in Scotland – financial sustainability, community needs, collaboration, leadership and workforce. For each of these five, the report considers the impact of the pandemic, the current challenges, and how councils are responding. A number of case studies are included to show how different councils have dealt with the many challenges arising.
- 1.3 This report sets out a brief summary of the Audit Scotland overview.

2. Recommendations

- 2.1 It is recommended that the Audit, Risk and Scrutiny Board:
 - Note the contents of this report;
 - Note the contents of the Audit Scotland overview included as Appendix 1.

3. Key Messages and Recommendations from the Report

- 3.1 In May 2023, Audit Scotland published its annual 'Local Government in Scotland: Overview 2023' report. This is the third of three annual reports undertaken by the Accounts Commission examining the impact of the pandemic on councils and their performance. The

report acknowledges that since the onset of the pandemic demand and workforce pressures have deepened. Audit Scotland believe that radical change is urgently needed if councils are to be able to sustain services.

- 3.2 The report presents five key themes and sets out recommendations for councils, for COSLA and for the Scottish Government under each of these key messages.
- 3.3 The first key theme is Finance and Resources and notes that budget constraints and cost pressures are putting councils' finances under strain. The report recommends that the Scottish Government and COSLA take urgent action to finalise the New Deal for local government which includes a fiscal framework for local government that support sustainable funding and greater financial flexibility and transparency. It also recommends that the Scottish Government provide more detailed financial information to councils and that councils need to set out medium- to long-term financial plans detailing how recurring savings will be delivered and how council resources will be targeted to achieve long term priorities.
- 3.4 The second key theme is Community Need and Inequalities, noting that councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. The report recommends that councils be more transparent with the public about the scale of service demands and should have a clear plan for strengthening their use of data to better understand local needs.
- 3.5 The third key theme is Collaboration and the report states that it is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to sustain services and tackle major policy issues such as child poverty and climate change. The report recommends that councils maximise the potential of collaboration and work across the public sector and third sector to redesign and provide services, and that service users and communities should be involved in service redesign.
- 3.6 The fourth key theme is Leadership, with the report asserting that leaders must think radically and make fundamental changes to how councils operate in future, building on the collaboration and innovation that emerged during the pandemic. The recommendations are for council leaders to invest time and capacity in rethinking the operating model, being open with communities and staff about the need for change and what that means for future service delivery, and have a clear vision for long term policy and performance priorities and how these will be delivered and monitored.
- 3.7 The fifth key theme is Workforce and notes that councils need to innovate and build on the agility, flexibility and joint working that was demonstrated during the pandemic in order to meet workforce challenges. The recommendation is focused on councils improving their workforce planning to more effectively develop and deploy their workforce. This would include building the capacity and skills to undertake workforce planning, and update workforce plans to identify and address skills gaps, make best use of the existing workforce, and plan for the skills needed to deliver future services.

4. The impact of the pandemic on councils' performance

- 4.1 The report notes that councils' performance was beginning to stall prior to the pandemic, and whilst there has been a recovery in some services, backlogs remain and performance is declining in some areas. Essential services were prioritised during the pandemic and Audit Scotland state that spending on children's services and adult social work has been protected over the last 10 years at the cost of disproportionate reductions to other services.
- 4.2 In Exhibit 2, the report summarises performance by broad service area by making reference to Local Government Benchmarking Framework (LGBF) data. It groups services into three main categories:
- Performance at risk or declining:
 - Performance mixed or recovering:
 - Performance maintained:
- 4.3 The report authors consider that four service areas fall under the 'at risk or declining' category: adult social care, housing and homelessness, environmental services, and culture and leisure. In relation to adult social care, it states "there are signs that the sector is in crisis, with growing backlogs, declining satisfaction and no clear picture of demand or unmet need." Elsewhere, it highlights challenges in relation to availability of social housing, a broad national trend of street cleanliness being perceived as declining, and the continued impact on culture and leisure following prolonged shutdowns.
- 4.4 Children's services and economic development and tourism were the two service areas where performance was considered to be mixed or recovering. Attainment is noted as having improved in 2021/22 but not yet to pre-pandemic levels. The impact of the pandemic is also evident in relation to business start-ups though the performance of employability services is strong.
- 4.5 One service is noted as maintaining performance, which is corporate services. The growth in activity because of the critical role in delivering Covid-19 grants, supporting financial hardship and enabling homeworking is noted.

5. What are the current challenges facing local government?

- 5.1 This section of the Audit Scotland report focuses on the five key messages outlined earlier. It presents several charts and tables to outline the challenges that have arisen which it considers are broader than just pandemic-related; it cites reductions in funding, increased ring-fencing, cost pressures, changing demographics, the cost of living crisis, and the managing of a programme of national reforms as challenges.
- 5.2 The report highlights recent increases in real-term funding to local government but notes that this has brought funding back to a level similar to 2015/16. However, it also notes that cost pressures are increasing as a result of inflationary pressures, increasing demand for services, the cost of pay awards, and the impact of external economic factors. Reference is made to the Local Government in Scotland: Financial Bulletin 2021/22 which calculated the proportion of ring-fenced funding as 23% of total revenue funding compared with 18% the previous year.

- 5.3 For a number of years, the challenges of an ageing population have been highlighted. Audit Scotland note the gap in healthy life expectancy between the top and bottom socio-economic groups. They also note the persistently high rate of child poverty in Scotland. As well as demands growing for council support for people experiencing hardship, councils also face the risk of reduced income from rents and council tax.
- 5.4 The critical role councils play in delivering many national policies alongside local priorities is noted. Examples include the expansion of early years provision and plans for a new National Care Service. In respect of the latter, the report notes that whilst there is broad consensus that national reform is needed, there is not agreement about what reform should look like and how it would be implemented, and the actual scale of the costs are not clear.
- 5.5 Audit Scotland highlight that recruitment and retention continue to be challenging for councils, and that workforce pressures are evident in absence levels, despite councils increasing their focus on employee wellbeing. The vacancy rate in social care services for 2021 is reported as 8.1%, up from 5.1% in 2020.
- 5.6 The report praises the strong collaborative leadership that was in evidence in many councils during the pandemic, and that the pandemic response tended to be quicker in areas where good partnership working was already in place. However, it refers to recent Best Value audit work that has identified considerable turnover in senior leadership across councils, and specific incidences where governance, scrutiny and/or strategic leadership have been ineffective. The need for councils to have sufficient leadership capacity to deal with the many challenges detailed in the report is highlighted.

6. How are councils responding?

- 6.1 The final section of the report is focused on the need to plan for longer-term change whilst still delivering services and making improvements in the short term. It states that services should be focused on improving outcomes and performance in innovative, affordable and sustainable ways. It sets out the lessons learned from the pandemic in each of the five key themes and what Audit Scotland believe remains to be done. The importance of the New Deal for local government as a means of improved financial sustainability is stressed.
- 6.2 The report presents a number of short case studies outlining how individual councils are responding to the challenges detailed by Audit Scotland. Examples include the elected member development programme in West Lothian Council, a regional economic strategy developed and delivered jointly by Dumfries and Galloway and Scottish Borders Councils and Angus Council's resilience programme to promote staff wellbeing.

7. Implications for Renfrewshire

- 7.1 The financial challenges set out in the Audit Scotland report have also been set out by Council officers in regular reports to elected members, particularly the Financial Outlook reports which are considered at full Council. Renfrewshire Council has already delivered significant financial savings in recent years but it is becoming increasingly difficult to identify savings which do not impact on service delivery.

- 7.2 The most recent [Financial Outlook paper to Council](#) highlighted expected pressures which may arise from future funding settlements in general as well as service-specific issues such as the distribution of early learning funding, demand pressures in residential care for children and young people, and increases in contract costs for capital projects.
- 7.3 The issues highlighted by Audit Scotland will no doubt resonate with most or all councils, and reinforce the importance of sound financial management alongside the development of further savings options and resource prioritisation.
- 8. Next Steps**
- 8.1 Overview reports such as this are very useful in understanding national trends and reflecting on whether there is local variation. The findings of this support will support the council's continuous improvement agenda and will be considered alongside other external evaluations such as Best Value assurance reports and reviews undertaken by bodies such as the Improvement Service and the Care Inspectorate.

Implications of the Report

1. **Financial** – Local Government approach to financial sustainability is highlighted in Audit Scotland's report.
2. **HR & Organisational Development** – Local Government approach to workforce planning and organisation development are highlighted in Audit Scotland's report.
3. **Community/Council Planning** – Recommendation in Audit Scotland's report.
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.
8. **Health & Safety** – none
9. **Procurement** – none
10. **Risk** – none

11. **Privacy Impact** – none
12. **COSLA Policy Position** – Audit Scotland’s report references the ongoing work by COSLA around local government funding.
13. **Climate Change** – climate change and the need for mitigating actions is highlighted in the Audit Scotland report as a priority area for local government.

List of Background Papers: none

Author: *Lisa Fingland, Service Planning & Policy Development Manager,
lisa.fingland@renfrewshire.gov.uk*

Local government in Scotland

Overview 2023



ACCOUNTS COMMISSION 

Prepared by Audit Scotland
May 2023

Who we are

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

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Key messages and recommendations

Councils have never faced such a challenging situation, with demand and workforce pressures deepening after the Covid-19 pandemic and funding forecast to reduce in real terms. Radical change, achieved through greater collaboration, is urgently needed if councils are to maintain services.

1 Finances and resources

Budget constraints and increasing cost pressures are putting councils' finances under severe strain. An increasing proportion of funding is ringfenced or directed for national policy initiatives. While this is important to help deliver national priorities, it prevents councils from making decisions about how funds can be used at a local level, to meet local need. Councils have had to make significant savings to balance their budgets. Increasingly difficult choices about spending priorities and service provision are having to be made.

Recommendations:

The **Scottish Government and COSLA** need to take urgent action to finalise the New Deal for local government ([paragraphs 71–73](#)) and agree:

- a new partnership agreement with councils that supports collaboration
- a fiscal framework for local government that supports sustainable funding and greater financial flexibility and transparency.

The **Scottish Government** needs to provide more detailed financial information (eg, breakdown of type of funding and individual council allocations) to support councils longer-term financial planning.

Councils need to set out medium- to long-term financial plans that detail:

- how they will make recurring savings and reduce reliance on reserves to fill budget gaps
- how council resources are targeted to achieve their long-term policy and performance priorities.

2 Community needs and inequalities

The pandemic has affected performance across all service areas. There are signs of growing backlogs and declining performance in some service areas. Councils have a clear focus on tackling inequalities but the extent and impact of needs not being met is unclear. Some communities are facing crisis, with persistently high levels of poverty and increasing financial hardship putting additional pressure on services, at a time when councils have less capacity to support them.

Recommendations:

- **Councils** should be more transparent with the public about scale of service demand, the extent of backlogs and changes to eligibility criteria necessary to ration access to services and any impact this has on unmet need.
- **Councils** should have a clear plan for strengthening their use of data to understand needs, make decisions and direct resources. This includes equalities data, and learning from those with lived experience.

3 Collaboration

The scale of the challenges ahead means that radical change is needed. It is only by working more collaboratively that councils and their local partners, communities and the third sector will be able to provide sustainable local services and deliver a significant programme of national reform to tackle issues such as climate change, child poverty and inequalities.

The pandemic demonstrated the benefits of partnership working and shared local goals. This needs to continue. Few councils provide services jointly or share professional support services. Many councils engage well with communities and local partners to better understand local priorities and needs. Now councils must better involve service users and communities, including those with lived experience, as they redesign services.

Recommendations:

Councils need to maximise the potential of collaboration by demonstrating they are:

- working with other councils, the wider public sector and the third sector to redesign and provide services
- involving service users and local communities in the redesign of services.

4 Leadership

Leaders must think radically and make fundamental changes to how councils operate in future, building on the collaborative and innovative ways of working many demonstrated during the pandemic. Leaders need to be open with their staff, communities and local partners about the difficult decisions ahead and be clear about how change will be achieved. The level of volatility, uncertainty (such as plans for a national care service) and immediate financial pressures make planning and delivering sustainable change more difficult. Ineffective leadership and high turnover identified at several councils, alongside tensions with central government present risks to their ability to make fundamental changes at the pace needed.

Recommendations:

Councils' leaders need to invest time and capacity in thinking radically about their future operating model, and:

- be open and clear with communities and staff about the need for change, what that means for future service delivery and involve communities in making difficult decisions
- set out a clear vision for their long-term policy and performance priorities, and how it will be delivered and monitored
- work with the Scottish Government to rebuild an effective relationship.

5 Workforce

Increasing workforce challenges, including a competitive labour market and high sickness absence levels, are putting councils under continued pressure. Councils need to innovate by developing the skills and building on the agility, flexibility and joint working demonstrated during the pandemic to make best use of their existing workforce. Wellbeing initiatives must continue and councils should monitor the impact of new ways of working such as hybrid working on both performance levels and staff wellbeing.

Recommendations:

Councils need to improve workforce planning to effectively develop and deploy their existing workforce. This includes:

- building the capacity, skills, strategic thinking and comprehensive workforce data needed for effective workforce planning
- updating workforce plans to reflect new models of service delivery and ways of working, including how they are:
 - identifying and addressing skills gaps, at operational and leadership levels
 - making best use of their existing workforce by collaborating with partners to overcome recruitment challenges
 - planning for the skills needed to deliver future services, focusing on collaborative and flexible working, including working with the higher education sector to plan and develop skills for the roles needed.

Background

About this report

In August 2020, the Accounts Commission agreed a strategic medium-term approach to reporting on the impact of the Covid-19 pandemic. This approach committed to producing a series of annual overview reports over a three-year period.

This report:

- is the third and final overview report in the series
- builds on the previous reports in the series and examines:
 - how has the pandemic affected councils and their performance?
 - what are the current and future challenges facing local government?
 - how well placed are councils to deal with the current and future challenges?
- draws on findings from the financial bulletin, considering these in the context of the wider overview.

The findings of this report are drawn from 2021/22 annual audits, performance and best value audit work carried out during 2022 and from specific research and analysis of available data and intelligence.

Web resources



To support improvement, we have developed a set of resources for councils which are available on our [website](#). These resources include two supplements:

- a collection of [case studies](#) to illustrate issues and practice across councils
- a checklist with [questions for elected members](#), to help in their scrutiny and decision-making roles and in their work with council executives.

Previous reports



This report follows the first two reports in the series:

- [Local government in Scotland: Overview 2021](#) considered councils' response to and management of the initial phase of the Covid-19 pandemic.
- [Local government in Scotland: Overview 2022](#) considered the ongoing impact of the pandemic and councils' progress towards recovery and renewal.

Each year we publish a financial overview. The most recent one, [Local government financial bulletin 2021/22](#), was published in January 2023.

The impact of the pandemic on councils' performance

Service performance was beginning to stall before the pandemic as a result of long-term reductions in funding and wider pressures. The pandemic has affected performance across all service areas. Some services are showing signs of recovery, but there are also signs of growing backlogs, declining performance in some areas and services at capacity. The extent and impact of needs not being met is not clear.

The pandemic has adversely impacted performance across all service areas and there are signs of growing backlogs, declining performance in some areas and services at capacity

1. In our [Local government in Scotland: Overview 2020](#), we reported that service improvement had begun to stall or even decline as councils dealt with increasingly challenging pressures and long-term reductions in funding. For example:

- performance in many areas of adult social care including delayed discharge, satisfaction and service quality had all slowed or started to decline
- some educational attainment and early years indicators had declined

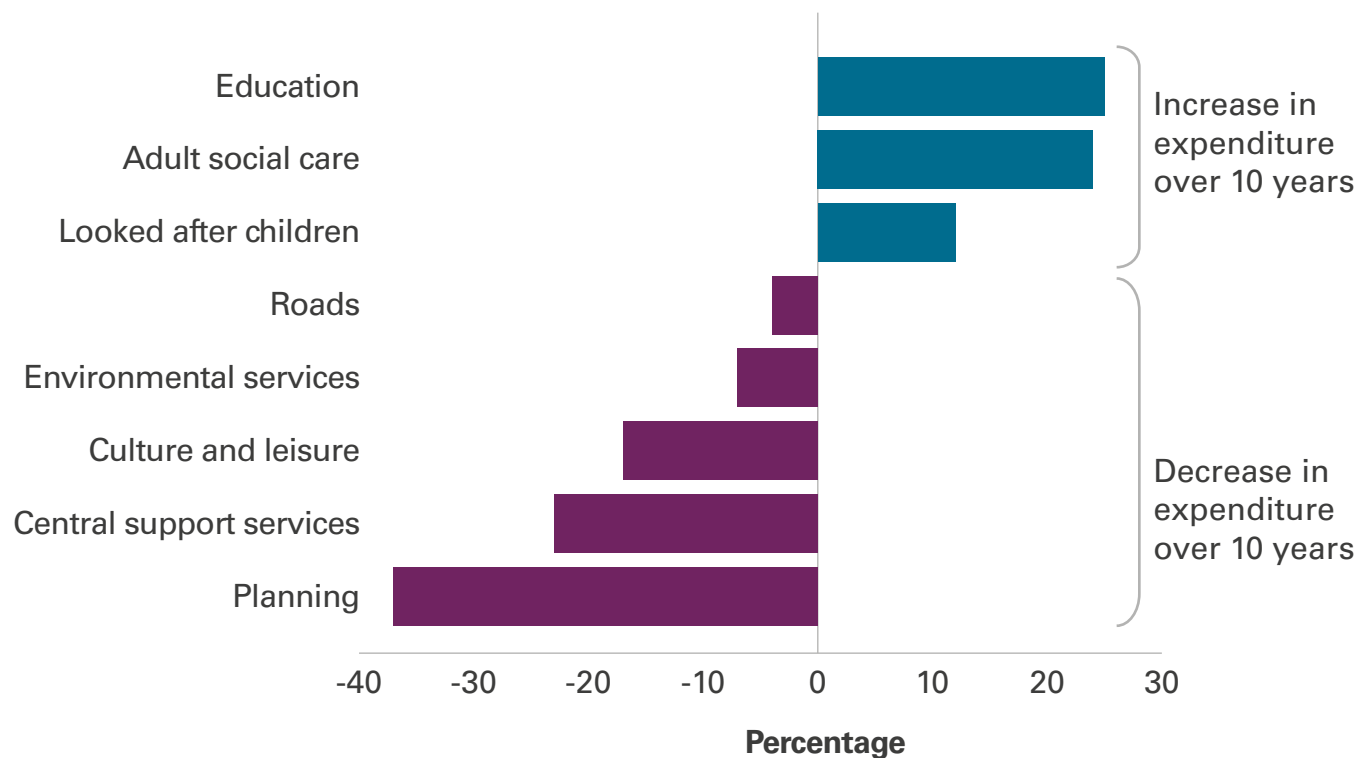
- improvements to recycling levels had stalled and satisfaction with street cleaning and waste collection had reduced
- costs for culture and leisure services had reduced and the number of attendances had increased, but satisfaction had declined across all service areas.¹

2. Over the last decade, there is a clear divergent pattern of spend. Spending on children's services (education and looked after children) and adult social care has been protected and increased because of national policy directives. This means that the remaining 'unprotected' services have borne a disproportionate level of spending reductions ([Exhibit 1, page 9](#)) and some services entered the pandemic already under pressure.

¹ Local Government Benchmarking Framework 2018/19

Exhibit 1.

Percentage change in expenditure (in real terms) over ten years from 2012/13 to 2021/22



Note: Economic development and Tourism services have seen a 43 per cent increase over the period. We have excluded this from the chart as year-to-year expenditure is volatile and there is not a consistent trend in spending over this period.

Source: Local Government Benchmarking Framework, 2021/22

3. Since March 2020, the context councils have been operating in has been unprecedented. While staff worked hard and adapted to maintain the delivery of key services during the Covid-19 pandemic, performance across all services areas was adversely impacted.

4. During the pandemic, councils gave priority to providing essential front-line services to support the most vulnerable. Other services such as culture and leisure were closed for extended periods in line with Scottish Government guidance. Although councils report that all services have restarted, some are not available to the same extent as before the pandemic, and backlogs remain.

5. Councils state that they have a clear understanding of where increased demand and backlogs exist and report on these publicly through committees. We found some good approaches to managing service level demands and backlogs, such as including them in strategic planning and budgeting as well as joint working with local partners.

6. A lack of publicly available data means that we do not know the scale of service demand, backlogs and, in particular, unmet need – and nor does the public. Councils need to be more transparent with the public about the impact of the pandemic, and pressures more widely, on service performance, the extent of backlogs and changes to eligibility criteria necessary to ration access to services.

7. [Exhibit 2 \(page 11\)](#) shows Local Government Benchmarking Framework performance indicators two years on from the start of the pandemic but before the recent cost-of-living crisis and inflationary cost pressures. Nationally, performance in some services is showing signs of recovery, eg education, but it is concerning that there are signs of backlogs, declining performance, and systems at capacity in some of the services that will be most in demand during the cost-of-living crisis, eg housing, homelessness and social care.

8. Councils can make different policy choices about their service and performance priorities. Councils also operate in different environments and these different local factors such as levels of deprivation, population distribution, size of council area and geography affect service demand and performance. An ageing population increases demand for social care services, rurality can make it more difficult to deliver services cost-effectively, and deprivation and poverty have wide-ranging impacts which can affect council services.

Exhibit 2.

Service performance during the covid-19 pandemic against selected Local Government Benchmarking Framework indicators up to 2021/22

Performance at risk or declining



Adult social care

There are signs that the sector is in crisis, with growing backlogs, declining satisfaction and no clear picture of demand or unmet need. Spending increased during the pandemic, continuing the longer-term trend. Homecare hours dropped slightly in 2020/21 before increasing to the highest levels ever recorded in 2021/22. Satisfaction continued to decline, and 2021/22 saw a drop of eight per cent in care services graded 'good' or 'better'.¹ Concerns have been raised about day centres not fully reopening. Delayed discharges, an indicator of capacity in the system, dropped at the start of the pandemic but are now at their highest levels since the current guidance came into place in 2016 (delays due to the non-availability of home care are also at their highest).



Housing and homelessness²

Housing performance indicators fell during the pandemic as a result of increasing financial hardship and Covid-19 restrictions limiting access to properties. Loss of income increased from rising rent arrears and voids. Maintenance performance fell. There was a large drop in housing quality in 2021/22 but overall energy efficiency continues to improve. This reflects Covid-19 related delays in carrying out electrical safety inspections, installing smoke and heat detectors, and upgrading work to improve energy efficiency.³

During the first year of the pandemic homelessness fell as a result of emergency extra protections but it is rising again. Some councils are not meeting their statutory duties in terms of homelessness. Performance in providing temporary accommodation is worsening, with record levels of children living in temporary accommodation. Social housing supply is insufficient to meet demand.



Environmental services

Performance declined during the pandemic. Recycling rates fell during 2020/21 and have not recovered. Cleanliness levels continued their long-term decline, especially in councils with the highest levels of deprivation. Against the long-term trend, parks expenditure increased in 2021/22 largely due to reinstatement of works, following reduced expenditure/income in 2020/21 during lockdowns.



Culture and leisure

Services were severely affected by the pandemic and future risks are significant. The impact on these services was severe in 2020/21 and into 2021/22 as many facilities closed in accordance with Scottish Government guidelines. This impact can be seen in lower attendances and increased costs per visit: leisure services and museums saw a partial recovery in 2021/22 but library services saw little rebound. With little resilience in these services owing to long-term funding reductions, future challenges are significant. A recent survey of leisure trusts suggests a high risk of closures as a result of inflationary cost pressures.⁴

Cont.

Performance mixed or recovering



Children's services

Performance during the pandemic was mixed, attainment and progress towards closing the poverty-related attainment gap stalled but has shown some recovery. Spending increased during the pandemic, continuing the longer-term trend. This was driven by the expansion of early learning provision. Primary schoolchildren's attainment improved in 2021/22 compared with 2020/21 but has not yet recovered to its pre-pandemic level. A similar trend is seen in the poverty-related attainment gap, which narrowed in 2021/22 compared with 2020/21 but remains larger than pre-pandemic. S3 pupils' attainment fell in 2021/22 compared with pre-pandemic, and the attainment gap widened. The improvement in senior secondary school pupils' attainment seen during the pandemic was sustained in 2021/22 when exams resumed, most strongly in councils with high levels of deprivation. It is concerning that the quality ratings of early learning provision continued to decline and developmental concerns for pre-school children have risen.



Economic development and tourism

Performance declined during the first year of the pandemic, as activity was refocused on Covid-19 financial support, but shows signs of recovery. Investment in economic development dropped during 2020/21 before rebounding to its highest level in 2021/22. That period also saw a huge increase in those helped into work by council employability programmes, reversing the previous trend. Councils' support for business start-ups, a measure of investment in wider economic development, fell early in the pandemic but has shown some recovery. Performance is likely to reflect the impact of councils redeploying staff from traditional employability and business support to focus on the distribution of Covid-19 support grants as well as wider uncertainty in the economy, labour shortages and disrupted supply chains.

Performance maintained



Corporate services

Performance dipped slightly but activity significantly increased, as corporate support services had a critical role in delivering Covid-19 grants, supporting financial hardship and facilitating homeworking for councils' workforce. Spending on the Scottish Welfare Fund and Discretionary Housing Payment rose significantly in 2020/21 and again in 2021/22. Councils processed £72.8 million in self-isolation support grants, mainly in 2021/22.

Notes:

Indicators capture national performance before the recent cost-of-living crisis and inflationary cost pressures. The Improvement Service advises that the methodology for measuring satisfaction indicators through the Scottish Household Survey has changed, so we do not have trends available for comparison.

1. Care service quality figures should be interpreted with caution, as the Care Inspectorate states that this may be due to a focus during the pandemic on higher-risk or failing services.

2. Homelessness statistics are not part of the LGBF. Source is Scottish Government homelessness statistics publication.

3. The decrease in performance against housing quality should be interpreted with caution as higher Scottish Housing Quality Standards were introduced in this time period.

4. [Current Landscape for Leisure and Culture Charities in Scotland](#), Community Leisure UK (Scotland), November 2022.

Source: Improvement Service's Local Government Benchmarking Framework 2021/22 and Scottish Government homelessness statistics

9. The impact of the Covid-19 pandemic on performance at a local level varied as these local factors affected the levels of need and demand, and councils' responses and solutions. Councils should use the Local Government Benchmarking Framework (LGBF) alongside local data and intelligence to compare their performance with neighbouring or similar councils to assess the effectiveness of new ways of working and to help inform them where improvements and better outcomes for communities can be achieved ([Case study 1](#)).

10. Given the service demand and cost pressures facing councils it is unlikely that they will be able to maintain performance across all of the services they currently provide without radical change.

Councils will need to make difficult choices about what their service and performance priorities are. Strengthening the use of data and consulting and involving communities, especially the experience of service users, will be critical to informing these decisions.

Case study 1.

Use of LGBF data to inform improvement

South Lanarkshire Council worked collaboratively with the Improvement Service to achieve the most value from the LGBF indicators in a way that helps drive its improvement based on its strategic priorities.

In December 2021, the Improvement Service provided a bespoke analysis of LGBF indicators for the council, structured around the council's new Connect Plan. Each of the council's services considered which LGBF indicators added value for inclusion in a subset of indicators for future reporting. Of the 95 LGBF indicators available, 33 were identified as aligning with the outcomes of the council's new Connect Plan. These were embedded within the Connect Plan's reporting and used to focus attention on how well the council is performing in achieving its strategic outcomes. The bespoke approach aims to provide greater opportunities for elected members to scrutinise the LGBF within a council specific context and should allow for more meaningful use when making strategic decisions.

Source: [South Lanarkshire Council's annual audit report 2021/22](#)

In March 2023, the Improvement Service launched a newly developed [dashboard](#) that allows councils to explore and analyse all the LGBF performance indicators in an interactive data tool. This is intended to help councils better assess and benchmark their performance.



What are the current challenges facing local government?

Councils are operating in an increasingly volatile and uncertain landscape, as pressures increase after Covid-19 and funding is forecast to be reduced in real terms. Some communities are facing crisis, with increasing poverty and financial hardship putting additional pressure on services at a time when councils have less capacity to support them.



Financial

Budget constraints and increasing cost pressures are putting councils' finances under severe strain.



Local needs

Changing demographics, the pandemic and the cost-of-living crisis increase pressure on council services and people already experiencing inequality are most affected.



National policies

Councils are managing an increasing programme of national reform, including plans for a national care service, which comes with substantial funding implications and increased uncertainty.



Workforce

Increasing workforce challenges such as difficulty recruiting and high sickness absence levels are putting councils under continued pressure.



Leadership

While many councils demonstrated strong collaborative leadership during the pandemic, ineffective leadership and high turnover identified at several councils present a risk.



Budget constraints and increasing cost pressures are putting councils' finances under severe strain

Councils' funding has been constrained for many years

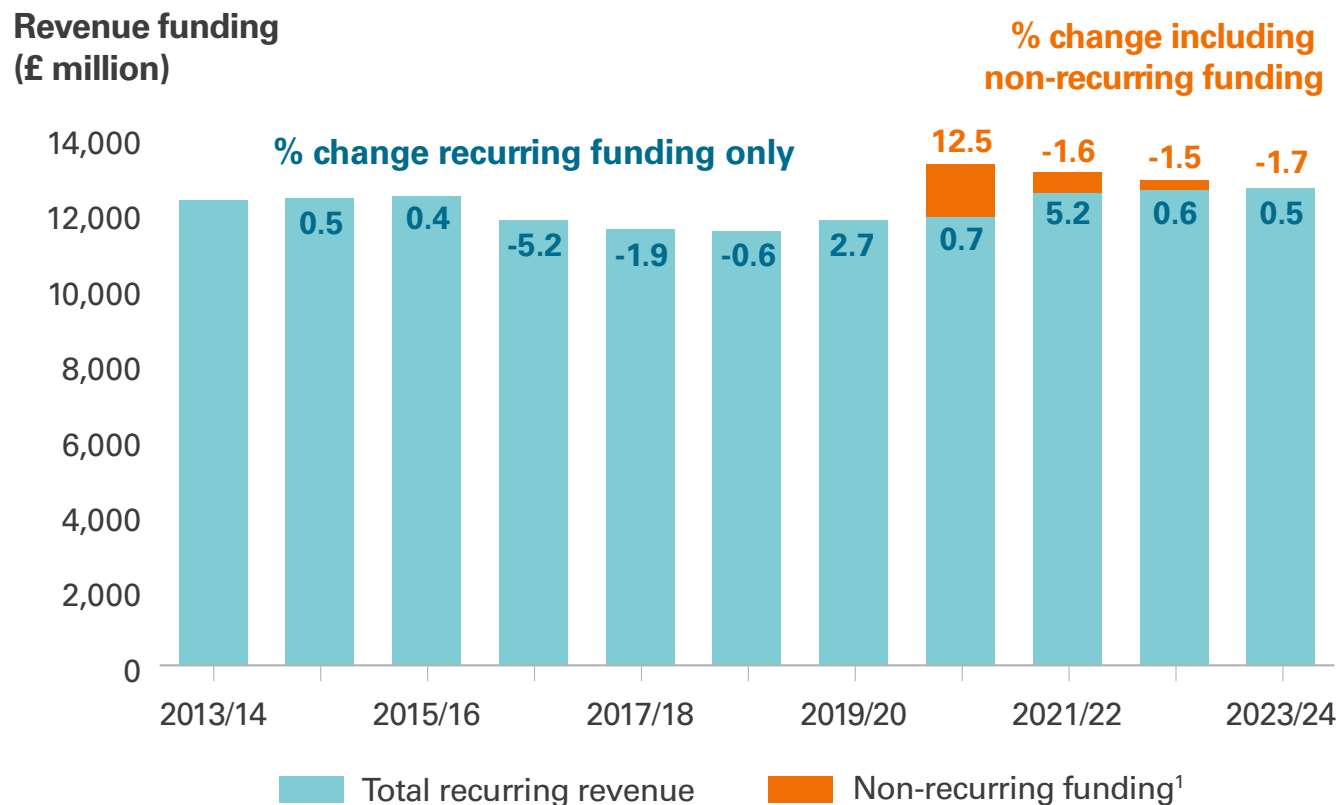
- 11.** Councils receive the majority (over 70 per cent) of their funding from the Scottish Government.
- 12.** [Exhibit 3 \(page 16\)](#) shows funding from the Scottish Government over the last decade. Over this period (comparing 2023/24 to 2013/14), revenue funding to local government has increased by 2.6 per cent in real terms.
- 13.** In 2021/22 (excluding Covid-19 funding elements which are non-recurring) revenue funding from the Scottish Government to councils increased by 5.2 per cent in real terms compared to 2020/21. This increase brought funding back to a level similar to what it was in 2015/16.
- 14.** Total revenue funding saw small real terms increases in both 2022/23 and 2023/24 when non-recurring elements of the settlement are removed.
- 15.** Despite additional Covid-19 funding amounting to £1.8 billion during the first two years of the pandemic, councils continued to face significant financial challenges, requiring substantial savings to deliver balanced budgets and increasingly difficult choices to be made about spending priorities.
- 16.** An additional pressure is that the funding of local government has not kept pace with other parts of the Scottish budget for many years.
- 17.** Our [Local Government in Scotland: Financial Bulletin 2021/22](#) provides further detail on councils' financial position.

Funding is forecast to reduce in real terms

- 18.** In May 2022, the Scottish Government published its Resource Spending Review 2022. This is the first multi-year spending plan in Scotland since 2013. It set out high level spending plans up to the end of this parliament in 2026/27, which show that 'core' funding is set to reduce in real terms ([Exhibit 4, page 17](#)).
 - 19.** The recent 2023/24 Scottish Budget allocated £10,933 million 'core' funding to local government for 2023/24 which is higher than what was forecast in May 2022. There was no update on whether future years will also see similar uplifts.
-
- We expect an updated funding outlook for 2024/25 and subsequent years to be published as part of the Scottish Government's medium-term financial strategy in May 2023.*
-
- 20.** While a multi-year spending plan is welcome, the financial information within the plan is not sufficiently detailed (nor is it broken down to individual council allocation) to fully support long-term planning purposes.

Exhibit 3.

Scottish Government revenue funding to local government (in real terms) and year-on-year percentage change, 2013/14 to 2023/24



Notes:

1. Non-recurring funding refers to Covid-19 related funding in 2020/21 and 2021/22 and cost-of-living support for council tax bills in 2022/23.

2. We use the finance circulars to compare the funding position year-on-year as we believe this is the most accurate comparison. These figures include funding for national policy initiatives and transfers from other portfolios. Figures calculated at 2023/24 prices.

Source: Scottish Local Government Finance Circulars

Exhibit 4.

Resource Spending Review financial outlook to 2026/27

The plan projected real-term reductions to 'core' funding for local government.

(£000s)	2023/24	2024/25	2025/26	2026/27	2027/28
Cash terms	10,616 ¹	10,616	10,616	10,616	10,716
Real terms	10,616 ¹	10,452	10,352	10,230	10,158
Percentage change cash		0.0%	0.0%	0.0%	0.9%
Percentage change real		-1.5%	-1.0%	-1.2%	-0.7%

Notes:

1. Since publication of the Resource Spending Review the 2023/24 Budget has been agreed which saw local government's allocation increased to £10,933 million for that year.

2. These figures represent funding before transfers from other portfolios. Real terms figures calculated at 2023/24 prices.

Source: Audit Scotland using the Resource Spending Review, May 2022 and the Scottish Budget 2023/24

Increasing cost pressures jeopardise the sustainability of local services

21. At a time when councils and their communities are still feeling the impact of the Covid-19 pandemic, councils are now also having to manage increasing cost pressures including:

- inflationary pressures, including rising energy costs, which are having a significant impact on the cost of providing services
- managing the ongoing recovery from Covid-19 and its longer-term impact, now that one-off Covid-19 funding has ended
- meeting the cost of new pay awards and Real Living Wage
- increasing demand for services from a population that is ageing, less healthy and facing increasing financial hardship
- higher costs of capital programmes as a result of inflation, slippage due to the pandemic and shortages in construction materials. These increased costs may affect councils' ability to deliver on capital transformation programmes, which are a necessary component of modernising services to deliver improved outcomes for local communities. We report further on capital pressures in our [Local Government in Scotland: Financial Bulletin 2021/22](#).

22. These significant cost pressures alongside forecasted reductions to funding are leading some chief executives to be concerned about the sustainability of councils. This could lead to cuts to services and job losses, particularly in the absence of a radical reform of services.

23. A UK-wide survey by the Society of Local Authority Chief Executives (SOLACE) found that 78 per cent of council chief executives and senior managers responding to the survey stated that they were facing a large or very large budget gap in 2023/24.¹ Those services they identified as at risk of cuts included:

- Environmental service (identified by 75 per cent of respondents)
- Libraries, leisure and tourism (67 per cent)
- Regeneration (50 per cent)
- Adult social care (44 per cent)
- Transport (38 per cent)
- Children’s services (37 per cent)
- Housing (33 per cent).

24. While there is no doubt that cost pressures and budget constraints are putting pressure on services, there is no clear picture yet of the scale and impact of service cuts or reductions.

Councils are relying on reserves to bridge budget gaps

25. In 2022/23 councils’ total budget gap stood at £0.4 billion. COSLA estimates that the budget gap for 2023/24 will be £1 billion. There is a large gap between what COSLA states councils need and the Scottish Government’s funding allocation and it warns this could mean fewer jobs and cuts to services.

26. Two-thirds of councils intended to use reserves to bridge the 2022/23 budget gap and target recovery activity. While this is understandable as some of this was Covid-19 funding carried forwards via reserves to spend in the following year, these funds were one-off payments. It is not sustainable to keep using reserves to meet financial pressures.

27. It is important that councils maintain overall reserve levels in line with local strategies to ensure longer-term resilience and sustainability. Having robust medium- and longer-term financial plans in place will continue to be key to maintaining financial sustainability. Councils will also need to make difficult choices about spending priorities.

Increasingly ring-fenced and directed budgets reduce financial flexibility

28. An increasing proportion of local government funding is now either formally ring-fenced or provided with the expectation it will be spent on specific services.

29. In our [Local Government in Scotland: Financial Bulletin 2021/22](#), we calculated this to be 23 per cent of total revenue funding in 2021/22 compared to 18 per cent in the previous year. Ring-fenced and directed funding helps support the delivery of key Scottish Government policies but limits local discretion and flexibility over how these funds can be used locally by councils.

30. [Exhibit 5 \(page 19\)](#) details how we calculated ring-fenced and directed funding and how the Scottish Government and COSLA interpretations differ.

¹ SOLACE [Autumn statement survey](#), November 2022.

Exhibit 5.

Views on ring-fenced or directed elements of the Scottish Government's revenue funding to local government



Scottish Government's view

Only the specific revenue grant is formally ring-fenced to fund identified policies. Other funding commitments are directed for national policy commitments but are not formally ringfenced.

In 2021/22, the specific revenue grant was £776 million, representing seven per cent of total revenue funding for local government. This included funding for early learning and childcare expansion, Pupil Equity Fund and criminal justice social work.



COSLA's view

Includes the specific revenue grant plus obligations created by current and past Scottish Government policy initiatives and fixed obligations such as loan charges.

In 2021/22, COSLA estimated that these represented 65 per cent of local government revenue funding. As part of their estimate COSLA include all school teaching staff costs (due to the national commitment to maintain teacher numbers), all adult social work costs devolved to IJBs alongside other policies such as universal Free School Meal provision for P1–5.



Our calculation

We include the specific revenue grant and funding outlined in local government finance circulars and Scottish Government budget documents as being directed for national policy initiatives.

For 2021/22, we estimated that ring-fenced and directed funding totalled £2.7 billion, representing 23 per cent of total revenue funding for local government. A large amount of this was to support elements of education and social care service provision.

Source: [Local government in Scotland: Financial overview 2018/19](#), [Local government in Scotland: financial bulletin 2021/22](#) and information from COSLA including their [submission](#) to the Scottish Parliament's Finance and Public Administration Committee work on The Impact of the Cost of Living and Public Service Reform, August 2022



Changing demographics, the pandemic and the cost-of-living crisis increase pressure on council services and people already experiencing inequality are most affected

31. While the local impact of national demographic trends varies, for many years we have been reporting how changes in the structure of the population affect the need for and demands on many council services. These changes include:

- a declining population that is also ageing, with the proportion aged over 65 projected to increase by a third by mid-2045²
- falling life expectancy and falling healthy life expectancy. The gap in healthy life expectancy between the top and bottom socio-economic groups is about 25 years.^{3 4}

32. The legacy of the Covid-19 pandemic and now the cost-of-living crisis have brought new pressures or exacerbated existing ones ([Exhibit 6, page 21](#)). The situation faced by some is stark, with increasing financial hardship and a decline in levels of mental wellbeing. Low-income households and people already experiencing inequalities are most affected.

33. Child poverty remains persistently high. In 2019–22, 24 per cent of children were living in relative poverty, the same level as five years ago.⁵ Two issues should be taken into consideration when considering this year's child poverty statistics:

- As noted in our [Tackling child poverty](#) briefing paper the main indicator – relative poverty – is based primarily on income rather than outgoings and so does not fully capture the impact of the cost-of-living crisis on children and families.
- Two key policies that may have a positive impact on child poverty figures – the rollout and increase in value of the Scottish Child Payment and the expansion of funded early learning and childcare to 1,140 hours – are not yet fully captured in the data.

34. Councils have a key role in tackling these issues and providing support. These growing pressures affect:

- the demand for services, including social care, education, financial support such as Scottish Welfare Fund grants and discretionary housing payments, housing and homelessness, and employability
- council income in terms of rent and council tax arrears.

35. At a time when councils are under severe financial strain, finding the capacity and resources to respond to these pressures in the short and longer term will be a challenge.

² [Projected Population of Scotland \(2020-based\)](#), National Records of Scotland.

³ [Life Expectancy in Scotland, 2019–2021](#), National Records of Scotland.

⁴ [Healthy Life Expectancy 2019–2021](#), National Records of Scotland.

⁵ [Poverty and Income Inequality in Scotland 2019–22](#), March 2023.

Exhibit 6.

Examples of growing pressures



Persistently high levels of child poverty

In 2019–22, 24 per cent of children were living in poverty, affecting every aspect of their wellbeing and life chances. This is at the same level as five years ago, and the ongoing increases in the cost-of-living crisis risk more children experiencing poverty.

Increasing financial hardship for people living with a disability

Sixty-four per cent of respondents to a small survey by Inclusion Scotland in September 2022 said that they are cutting down on or going without items or services used directly to manage their impairment or health condition.

Increasingly stark situation for low-income families

Almost one in five low-income families are unable to afford food or heating. Eighteen per cent of low-income households have skipped or reduced the size of meals and not heated their home due to the cost-of-living crisis (Poverty in Scotland 2022, Joseph Rowntree Foundation).

Increasing food insecurity

In 2021, nine per cent of adults were worried about running out of food, six per cent were eating less, and three per cent were running out of food (The Scottish Health Survey, 2021). 45 per cent of children living in poverty live in households that lack food security (2019–22 Child Poverty Statistics).



Increasing rent arrears

Over 110,000 council tenants were in arrears as of March 2022 (an increase of 6.6 per cent since March 2021).

Ethnic minority households more likely to experience deeper levels of poverty

Ethnic minority households are likely to spend a greater proportion of their income on essentials that are subject to inflation. The proportion of children in relative poverty after housing costs in minority ethnic households is 39 per cent (2019–22 Child Poverty Statistics).

Increasing financial hardship for single parent families

Three in five single parents find it extremely difficult or are no longer able to afford utility payments, and two out of five say the same about food (One Parent Families Scotland research, March 2022).

Declining average levels of mental wellbeing

Levels were lower in 2021 than in 2019, following a decade in which levels had remained fairly constant. Women's average mental wellbeing fell by more than men's during the pandemic, and those people living in more deprived areas continue to report lower wellbeing. The lowest mental wellbeing scores were reported for young adults in the most deprived areas (Scottish health survey, 2021).



Councils are managing an increasing programme of national reform, including plans for a national care service, which comes with substantial funding implications and increased uncertainty

36. Councils have a unique role in shaping local communities. They provide many of the key local services that individuals and communities rely on. They also have a key local and, in many cases, regional role working with partners to set local priorities and improve long-term outcomes for their communities.

37. Alongside local priorities, councils play a leading role in delivering many national policies. Current areas of national policy or reform affect nearly every aspect of local government, such as education, early learning provision, tackling child poverty, adult social care and achieving net zero targets.

38. These policy initiatives will see fundamental changes in how council services are provided, come with substantial funding implications, and increased uncertainty. National policy initiatives also take up an increasing amount of council budgets which brings challenges in delivering local priorities and sustaining other service areas. This context makes longer-term financial planning challenging yet vital to ensure financial and service sustainability.

Plans for the new National Care Service are uncertain and divide opinion

39. The social care sector is under severe pressure from high demand and persistent workforce challenges, and a lack of action now presents serious risks to the delivery of care services for individuals. The [Independent Review of Adult Social Care](#) (IRASC), published in February 2021, sometimes referred to as the Feeley Report, proposed the formation of a National Care Service stating that the potential of social care support

in Scotland cannot be achieved without a new delivery system and that a National Care Service is needed to achieve consistency, drive national improvements, ensure strategic integration with the National Health Service, set national standards and terms and conditions, and bring national oversight and accountability by bringing together everyone with a role to play in planning and providing social care support.

40. The National Care Service Bill is at stage 1 but has been postponed until at least September 2023 because of concerns about the adequacy of parliamentary scrutiny based on only a framework Bill. There are still many unknowns. Details of the arrangements have yet to be determined and the scale of the costs involved in the financial memorandum are estimates with many caveats. The affordability of the vision set out is not certain given the actual scale of the costs are not yet clear. It is difficult for councils to plan current services with such uncertainty.

41. While there is consensus that fundamental reform is essential for long-term sustainability, there is not agreement about what that reform looks like and how it will be implemented.

Although local government agrees that reform is necessary, it disagrees that centralising services and structural reform will achieve the improvements needed. While the Scottish Government wants consistency of service across the country, stakeholders have raised concerns about the scale of reform and the time it will take to implement it.

42. Immediate concerns in the sector are that current issues (such as workforce and financial sustainability) in social care are in a critical state and these need addressed now.

43. We highlighted in our [Social Care](#) briefing (January 2022) that lessons need to be learned from past restructuring and public service reform, for example health and social care integration, police and fire reform, college sector regionalisation, and the development of social security responsibilities in Scotland.

44. Our reports in these sectors have found that reform is challenging, and public bodies have experienced difficulties implementing elements of reform – expected benefits are not always clearly defined and, even if they are, reform does not always deliver the expected benefits, particularly in the short term. Any difficulties in implementing social care reform could have a significant negative impact on vulnerable people who rely on care and support.



Our recent reports on other national policy areas:

Child poverty: in September 2022 the Accounts Commission and Auditor General for Scotland produced a briefing [Tackling child poverty](#).

Education: in March 2023, we published a blog [Encouraging progress on education data but still a long way to go](#).

Early learning and childcare: in June 2023 we will publish our third performance audit on the expansion of early learning and childcare.

Councils have a critical role in meeting national climate change goals

45. Councils have a critical role in achieving Scotland’s national climate change goals and contributing towards the national target of net zero by 2045. This includes councils:

- managing their own activities, estates, and assets to reduce their greenhouse gas emissions and achieve net zero – councils’ corporate emissions are the largest element of all public sector emissions in Scotland
- demonstrating leadership to tackle climate change across their local area, supporting behaviour change by helping their communities to adopt low carbon lifestyles and working with local partners to help communities adapt to the impacts of climate change.

46. In September 2022 we published [Scotland’s councils’ approach to addressing climate change](#) which set out that there are big differences in the targets that councils have set and their timescales for reaching net zero. We also found that councils need to be more transparent about their targets, their plans to meet them and the challenge ahead. Successfully addressing climate change is a huge challenge and will only be achieved with collaboration across all parts of government and society.

47. Financial constraints and a lack of specialist skills risk net zero ambitions not being realised. Failure to act early enough, however, will increase costs in future years. It could also make existing health and social inequalities worse, because the impacts of climate change, such as extreme weather events, can have a disproportionate effect on vulnerable groups and those living in poverty.



Increasing workforce challenges such as recruitment difficulties and high sickness absence levels are putting councils under continued pressure

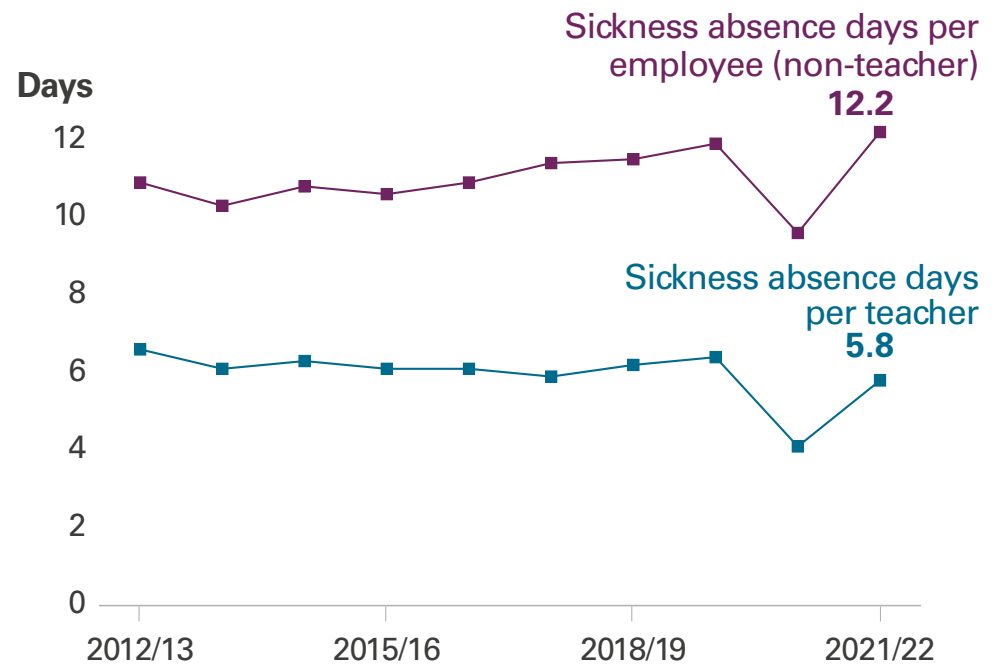
- 48.** Staff worked under unprecedented strain during the pandemic to adapt and maintain services and support communities. That same workforce is still under pressure.
- 49.** Despite a focus on wellbeing, overall absence levels for non-teaching staff in 2021/22 were the highest on record ([Exhibit 7](#)). The Improvement Service highlight stress and burn-out as contributing to high absence levels.⁶
- 50.** Recruitment and retention continue to be a challenge in both senior and front-line roles across Scotland as the employment market remains highly competitive ([info box, page 25](#)).
- 51.** In our 2022 [Social care briefing](#), we reported that the sector faced ongoing recruitment and retention challenges, with high vacancy rates. This situation has worsened since, with 47 per cent of services reporting vacancies in 2021 compared with 36 per cent the previous year and 11 per cent across all sectors in Scotland. The whole-time equivalent vacancy rate in 2021 was 8.1 per cent, up from 5.1 per cent the previous year. In comparison, the vacancy rate across all sectors in Scotland was 1.9 per cent.⁷ Our briefing highlighted issues such as poor terms and conditions and staff not feeling valued as contributing to these recruitment difficulties.

⁶ [National Benchmarking Framework Overview Report 2021–22](#), Improvement Service, March 2023.

⁷ Care Inspectorate and Scottish Social Services Council (SSSC), Staff vacancies in care services 2021 report, Scottish Government’s Employer Skills Survey 2020.

Exhibit 7. Sickness absence levels over ten years from 2012/13 to 2021/22

Staff absence levels (excluding teachers) were the highest ever recorded in 2021/22. Teacher absence levels also increased in 2021/22 but remain lower than pre-pandemic levels.



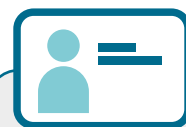
Note: Covid-19 absences are recorded separately and do not contribute to the trends.

Source: Local Government Benchmarking Framework 2021/22

52. The Society of Personnel and Development Scotland (SPDS) and the Improvement Service state that councils are also reporting emerging recruitment problems in new areas such as accountancy and corporate services, which may present risks to financial management.

53. The cost-of-living crisis, driven by inflationary cost pressures, led to industrial action by refuse workers and teachers over pay. While pay claims increase the pressure on budgets, prolonged negotiations adversely affect staff morale and service delivery.

54. Councils showed considerable flexibility in redeploying staff and adopting remote or hybrid working during the pandemic. However, it is still unclear exactly what impact hybrid working has on productivity or future models of service delivery. Recent research undertaken by the Scottish Government on this presents mixed findings.⁸ Our recent report [Resourcing the benefit service: A thematic study](#) found that remote working may present a risk to claims processing performance and recommended that councils regularly review flexible location working arrangements to determine the impact on service delivery and performance.



Reasons for recruitment and retention issues

Hybrid working has changed the way people work: they can now work remotely for an organisation in England or further afield. Private sector firms are offering hybrid working and looking to offer further improvements in quality of life.

Senior roles: bottom loading pay deals have narrowed the gap between junior and senior roles and made the latter less desirable. Public sector pay at senior levels has not kept pace with other sectors, so staff are leaving for better paid positions.

Retirement: the workforce is ageing and people are retiring, but now councils are seeing people retiring earlier.

Source: Audit Scotland using information from the Improvement Service, SPDS and Local Government Information Unit (LGIU)

⁸ [Working from home during the COVID-19 pandemic: benefits, challenges and considerations for future ways of working](#), Scottish Government, October 2022



While many councils demonstrated strong collaborative leadership during the pandemic, ineffective leadership and high levels of change in senior officers identified at several councils present a risk

55. During the Covid-19 pandemic, many councils demonstrated strong collaborative leadership, working at pace with communities, the third sector and partners to provide the response needed. Councils' response was quicker where good partnership arrangements were already in place.⁹ Leaders used their local knowledge and set out clear priorities for working towards a common purpose.

56. Despite this, the following leadership risks have been identified in recent audit work:

- **Ineffective strategic leadership:** of the four Best Value Assurance Reports (BVARs) completed last year, in three (Moray, Shetland and Eilean Siar) we found that elected members were not demonstrating effective strategic leadership alongside senior management. This included leaders needing to better coordinate and drive forward plans, to have a stronger focus on strategic issues and elected members needing to work better together to deliver priorities.
- **Ineffective governance or scrutiny:** our 2021/22 annual audit work identified leadership risks relating to ineffective leadership in nine councils, often linked to ineffective governance, scrutiny, or both.
- **High levels of turnover:** most councils reported changes in senior leadership during 2021/22. Six chief executive or depute positions saw changes. Recent BVARs highlight that some councils are experiencing persistent difficulties in recruiting to key leadership posts.

57. The growing scale of the challenges facing local government requires leaders to make decisive and fundamental changes to how councils will operate in future. The leadership and strategic vision of elected members and senior officers will be crucial. Ineffective leadership and high turnover put at risk councils' leadership capacity to bring about fundamental change at the pace needed.

The pandemic and cost-of-living crisis have exacerbated tensions in central and local government relations

58. Effective partnership working between the Scottish Government and local government, built on a foundation of mutual trust, is essential for councils to be able to perform their key role in leading and shaping communities.

59. The pandemic and cost-of-living crisis has exacerbated tensions in central and local government relations. While local government demonstrated the positives of localism during the pandemic, and the Scottish Government is committed to local self-governance and community empowerment, local government feels that it should be involved in policymaking as well as implementing those policies at a local level.

60. There is appetite to rebuild an effective relationship between local and central government so that the strengths and capacity of both can be maximised to meet the challenges. Meaningful steps to realising these potential benefits would include Scottish Government and COSLA agreeing the New Deal ([paragraphs 71–73](#)).

⁹ [Community empowerment: Covid-19 update](#), Audit Scotland, October 2021

How are councils responding?

Councils must focus urgently on solutions that will deliver a sustainable future for local government.

Councils need to challenge old ways of doing things and take urgent action to reform

61. The scale of the challenge that lies ahead is greater than anything local government leaders (elected members and senior officers) will have ever experienced. Councils must work on three planning horizons: continue to deliver services here and now, identify and make improvements in the short term and plan for the longer-term radical change. This is an incredibly hard thing to do with an exhausted workforce but with councils' future funding position forecast to reduce in real terms, radical change is necessary so that councils can continue to serve their communities, respond to needs, meet demand and improve outcomes for people in the future.

62. Delivering services differently should be focused on improving performance and outcomes in ways that are innovative, affordable, and sustainable. A decade on, the four pillars in the Christie Commission report – people, prevention, performance, and partnership – are just as important and councils should embed them into their long-term visions and priorities.¹

63. The Commission recognises the challenges, complexities, and uncertainties that local government faces. In our [Local Government in Scotland 2019](#) report, we emphasised the need for councils to urgently consider making fundamental changes in how they provide

services. No one could have predicted the years that were to follow, nor the pressures that councils would face, yet evidence that councils are delivering radical sustainable reform is limited.

64. In this section, we set out how councils are placed to respond to the challenges they face and to move towards adopting a sustainable future model of local government. We consider the following themes:



Finances and resources



Leadership



Collaboration



Workforce



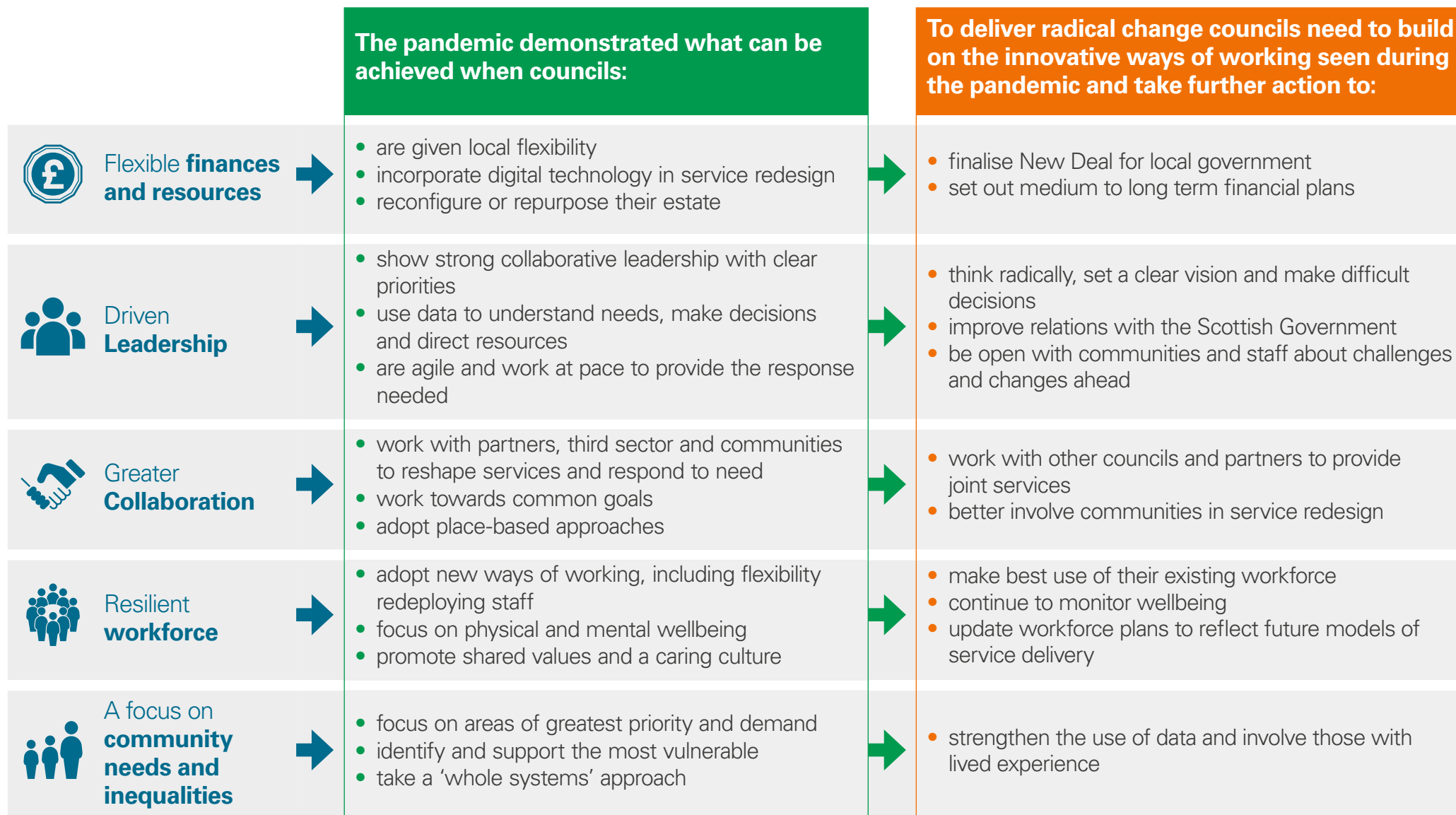
Community needs and inequalities

65. To achieve radical change, leaders need to build on the innovative ways of working demonstrated during the pandemic. [Exhibit 8 \(page 28\)](#) draws on lessons learned from the pandemic response based around the five themes above as well as outlining where we judge that more still needs to be done.

¹ [Christie Commission on the future delivery of public services, June 2011](#)

Exhibit 8.

Lessons learned from the pandemic and what more needs to be done





Councils need to balance immediate financial pressures with planning for and delivering long-term sustainable services

66. As the whole public sector faces the most difficult financial outlook seen for many years, councils need to make increasingly difficult choices about their spending priorities and balance short-term pressures with planning fundamental reform to provide long-term financial sustainability.

67. In the short term, councils have focused on immediate budget pressures. In our [Local Government in Scotland: Financial bulletin 2021/22](#) we reported that for 2022/23 the majority of the estimated budget gap (that is the gap between anticipated expenditure and revenue) was planned to be bridged by:

- **Recurring savings:** these savings were expected to meet about 37 per cent of the budget gap. For 2021/22 (the most recent year of accounts), councils' savings performance continued to improve but some chief executives and COSLA are concerned that forecasted reductions to funding will mean reductions or cuts in services and job losses.
- **Use of reserves:** two-thirds of councils intended to use reserves to help bridge the gap. This reliance on non-recurring reserves is not sustainable in the medium to long term.
- **Increasing council tax rates:** the Scottish Government lifted the freeze on council tax in December 2021. For 2022/23, the majority of councils increased council tax rates by three percent (in 2023/24, the majority increased rates by five per cent).
- **Use of financial flexibilities:** about four per cent of the gap was expected to be met by councils reprofiling their loans funds repayments by extending the repayment period. This generates one-off savings and is not sustainable in the long term.

- **Increasing income through fees and charges:** the scope for increasing income and the scale that can be achieved is currently limited but options being explored include councils introducing charges for garden waste, a transient visitor levy ('tourist tax') and tariffs for public electric vehicle charging.

68. The achievement of recurring savings and a movement away from the reliance and use of non-recurring savings and reserves will be important to ensuring longer-term financial sustainability.

69. Councils also need to focus on making increasingly difficult choices about their spending priorities and medium- to long-term financial planning must mature as councils look to make more fundamental change.

70. In May 2022, the Scottish Government published the first multi-year resource spending review in Scotland since 2011, outlining its resource spending plans up to the end of this Parliament in 2026/27.

While welcome, the financial information was not sufficiently detailed for planning purposes, with spending plans expressed at 'level 2' for the four years of the spending review period without individual council allocations indicated.

Agreeing the New Deal will be an important step forward

71. The May 2022 Resource Spending Review also set out plans to agree a New Deal for local government. The Scottish Government, COSLA and SOLACE are working together to advance this, building on the work of the paused local governance review (which was launched in 2017).

72. In its Programme for Government 2022/23 (published in September 2022), the Scottish Government reinforced its commitment to agreeing a New Deal including a fiscal framework for local government. The New Deal was expected to be agreed by April 2023.² However, the Cabinet Secretary for Social Justice, Housing and Local Government indicated in January 2023 that it was likely to be delayed by several months.³ Since then there has been a new First Minister and changes to senior posts in the Scottish Government and COSLA.

While it is important to get the New Deal right, action is now urgently needed to agree this. Further delays present considerable risks to the wider urgent action that councils need to take.

73. The New Deal is an important step in developing a partnership agreement that supports collaboration and trust, as well as developing a new fiscal framework that supports more certainty of funding, greater transparency and more flexibilities for local government. This should enable councils to better plan their long-term priorities and future service delivery models, and to manage council resources more effectively to deliver them.

² [Investing in Scotland's Future: Resource Spending Review](#), Scottish Government, May 2022.

³ [17 January 2023 Local Government, Housing and Planning Committee](#).



The New Deal is anticipated to include three elements:

- a partnership agreement with councils
- a fiscal framework to support greater transparency and accountability
- a working group to explore different options for the funding of local government in the future.

The aims of the New Deal include:

- balancing greater financial flexibility with accountability for delivering national priorities
- increased flexibility in and scope for revenue raising powers, such as the 'tourist tax' and workplace parking levy
- exploring how best to transform the digital administration of the non-domestic rates system
- increasing the flexibility available to councils for existing service concession arrangements, such as PFI- or NPD-funded projects
- a comprehensive capital accounting review.

Source: Audit Scotland using information from the [Scottish Government's Resource Spending Review](#), May 2022 and updates from [Letter from the Cabinet Secretary](#) to the Social Justice, Housing and Local Government, July 2022 and [Committee report](#), Net Zero, Energy and Transport Committee, January 2023.



Leaders need to invest time and capacity into thinking radically about their councils' future operating model, how it will be achieved and be open with communities and staff

74. Leaders (elected members and senior officers) must respond to the immediate pressures while also providing a long-term vision for their local areas and how services will be delivered differently in future. Leaders are vocal about the challenges ahead, and there is an increasingly clear appetite for change. However, the level of uncertainty and volatility faced by councils makes planning for the future more difficult.

75. In our Best Value reports on individual councils, we have seen that the quality of leadership and the pace and appetite for change varies. The current challenges may reinforce this gap with the risk that some councils will be left behind. The experience of leading through the pandemic and building on the lessons learned; reducing bureaucracy, working with partners and communities, focusing on the vulnerable, pivoting to digital and using the workforce in flexible ways must be consolidated and built upon.

76. In our [2022 report](#), we outlined important leadership principles that enabled councils' response to the pandemic – communication, collaboration, emotional intelligence, data-driven, agile and flexible, culture-focused, and enabling community empowerment. Leaders should draw on these to overcome the challenges now faced.

77. The challenging context needs leaders to invest time and capacity into thinking about radical changes to their council's future operating model. It is important that leaders are clear about their long-term policy and performance priorities, are managing council resources effectively to deliver them and are open with communities about what range and levels of services they can expect to receive in future.

78. It is important that councils with identified leadership risks develop the leadership skills needed to respond to this complex and uncertain

environment. It is positive that most councils have undertaken an assessment of senior leadership skills and developed action plans to address any skills gaps. High turnover at leadership level presents a risk to delivering change, and councils will need to continue to assess how best to recruit, pay and keep the talent needed.

79. Councils have structured induction programmes for new elected members and many also have further training programmes or development opportunities. Several councils have personal development plans to provide bespoke training for elected members ([Case study 2, page 32](#)). Elected members have a crucial role in engaging with their communities to explain future priorities and what that means for services and the local area, and to manage expectations. Many councils have been working on this through participatory budgeting and consultations on spending and service priorities ([Case study 3, page 32](#)).

80. Leaders recognise the need to engage with staff and trade unions on the implications of fundamental reforms for the workforce. They also recognise the need to involve them in developing solutions, innovating, and committing to a clear vision and aims for the council, its services, and the way it works with partners, the third sector and communities to make the most of scarce resources in their places. It is recognised, however, that this is particularly challenging in an environment of potential job losses.

Leadership is the focus of the Commission's annual Best Value thematic work this year and will be covered in all council annual audit reports published in Autumn 2023.

Case study 2. Elected member training and induction

West Lothian Council has an elected member development programme, which includes an online structured induction programme. Key topics include climate change, emergency planning and quality assurance procedures. Members are also supported to complete a personal development plan to enable them to identify and discuss specific and individual needs. Members are encouraged to review their role and consider what will help them to improve their performance and develop their knowledge, skills and abilities. This could be through training events, coaching, working with an experienced colleague or project work.

An evaluation of the induction programme was undertaken in July 2022 and positive feedback was received from elected members.

Source: Audit Scotland auditor data return and information from West Lothian Council

Case study 3. Community budget consultations

Perth and Kinross Council asked residents for their views on the council's 2023/24 budget and priorities for the next five years via an online survey accessed through the council's consultation hub. The council also held several in-person and online budget and corporate plan engagement events where communities could voice their views on the proposed new vision for Perth and Kinross. Residents were presented with the council's seven draft priorities and asked whether they agreed that these are the key issues that the council should focus on.

A summary of the responses from the survey and the engagement sessions was included in the report considered by the council when agreeing the corporate plan and budget.

Source: Audit Scotland using information from Perth and Kinross Council



Councils need to collaborate with communities, other councils and the wider public sector to tackle the challenges

Collaboration with communities

81. Our [2022 overview](#) report outlined how communities were a vital asset in the response phase of the pandemic but that more needed to be done to involve communities and service users in the recovery and the redesign of services. As councils take steps to fundamentally change how they provide services, the involvement of service users and communities will be critical to redesigning services that meet community needs and tackle long-term issues such as climate change and inequalities while also being sustainable.

82. Councils regularly consult with their communities to inform decision-making, including on setting annual budgets, redesigning services, and priorities for strategic plans. Reflecting the exceptionally challenging funding context this year, we have seen examples of councils engaging with their communities to explain the gaps in their budget and how they intend to bridge them ([Case study 3, page 32](#)).

83. We found good approaches to consulting communities to better understand the impact of the pandemic and inform decision-making on emerging challenges such as community impact assessments, research focused on the impact of the pandemic and establishing lived experience panels for the cost-of-living crisis ([Case study 4](#)).

84. Councils could still do more to empower communities and work more with them on the redesign of services. Our [Community empowerment: Covid-19 update](#) report brings together the learning points from the community response to the pandemic to help public bodies develop their longer-term approaches to supporting and empowering communities.

Case study 4.

Community engagement to better understand community needs and inform decision-making

East Renfrewshire Council uses a wide range of consultation and engagement approaches to understand community needs and issues and uses this intelligence to identify local priorities and inform strategic plans and service redesign. For example, it recently commissioned research on the impact of the pandemic to inform strategic decision-making and the redesign of services.

Source: Audit Scotland using information from East Renfrewshire Council

Collaboration with local partners

85. Councils have a good history of working with local partners and a statutory duty to do so through community planning partnerships.

86. The Covid-19 pandemic showed what can be achieved by working closely with local partners, including the third sector. Councils led a 'place-based approach' ([info box, page 35](#)) that worked across organisational and functional boundaries with aligned objectives and outcomes. This should now be consolidated into service delivery but there is concern that the momentum could be lost. Many organisations are facing their own funding and demand pressures that could threaten their ability to provide services and limit their capacity to explore new partnership working.

87. A recent report exploring barriers to effective collaboration between the third and public sectors identified four main themes: funding, meaningful collaboration, procurement and the cross-cutting issue of lack of trust.¹ All partners need to work with each other to overcome these barriers if councils are going to meet the challenge to deliver sustainable public services going forward.

88. Despite the barriers there are many positive examples of collaborative, place-based approaches and existing partnerships for councils to build on ([Case study 5](#)). The scale of the challenges mean that it is only by working together that councils and their local partners (including their communities and the third sector) will be able to provide sustainable public services and tackle long-term complex issues such as climate change, child poverty and inequalities.

¹ [Supporting collaboration between the third and public sectors: evidence review](#), Scottish Government, COSLA, SCVO and TSI Scotland Network, October 2022.

Case study 5. Local partnership working

Clackmannanshire Council works with local public sector partners and relevant third sector partners to deliver the STRIVE (Safeguarding through Rapid Intervention) programme.

Sharing crucial pieces of information at the earliest opportunity between trusted partners means practitioners are better able to 'join the dots' to understand the overall vulnerability of cases and share knowledge of existing support and interventions underway: this better informs the most appropriate action, reduces the likelihood and impact of people experiencing crisis and reduces the intensive resource required by services. An evaluation of STRIVE was undertaken in March 2021 and identified many benefits including preventing homelessness, improving financial security, providing rapid and direct access to mental health support, keeping families together and reducing alcohol and drug use. Building on the success to date, an early intervention approach has been added to other Family Wellbeing Partnership work in the area.

Source: Audit Scotland using information from COSLA and Clackmannanshire Council

Collaboration with other councils

89. Councils need to radically rethink how they work with other councils to move towards a more sustainable model of service delivery. Shared services and shared professionals offer efficiencies and can help to manage recruitment pressures and skills shortages.

90. Councils have made limited progress in this area. Few councils are sharing services. Only six out of 26 councils reported sharing services and four of these were sharing internal auditors ([Case study 6](#)).



A place-based approach is about understanding the issues, interconnections and relationships in a place and coordinating action and investment to improve the quality of life for that community. The Scottish Government and COSLA have adopted a Place Principle. This promotes the need for communities, public organisations and businesses to work collaboratively with the assets and services in a place to achieve better outcomes.

Case study 6. Working with other councils

Scottish Borders Council and Dumfries and Galloway Council are working with other regional partners to develop and deliver a south of Scotland regional economic strategy. Through a Regional Economic Partnership, the councils have developed a long-term vision to guide and coordinate efforts to recover from the impacts of the Covid-19 pandemic, adjust to the UK's withdrawal from the EU, address the climate crisis and capitalise on new opportunities.

Source: Audit Scotland using information from Dumfries and Galloway Council and the South of Scotland Regional Economic Partnership



Workforce planning must improve so that councils have the staff, skills and leaders needed to bring about change and create a resilient workforce for the future

91. Councils and their leaders need to respond to the direct pressures facing their workforce in terms of wellbeing and recruitment while managing the impact of pay demands and balancing the budget. Councils must invest in workforce planning to ensure a resilient workforce in the future.

92. Staff wellbeing was a priority during the pandemic and councils continue to take measures to promote staff health and wellbeing. With rising absence levels and persistent recruitment issues, some councils are looking at making roles more attractive by improving work-life balance through new ways of working ([Case study 7](#)).

93. Lessons learned from the pivot to remote working and then hybrid working during the pandemic indicate there are many potential benefits. For example, the flexibility to work remotely attracts more people and from a wider geographic spread, potentially bringing in more skills, it can support increased wellbeing and work life balance for existing staff, as well as reducing the carbon footprint through less travel to work. However, councils should continue to monitor the impact of new ways of working on employees' wellbeing and on service users' experience, productivity, and the local economy.

94. In future, councils' workforces may look and work quite differently as a result of job losses (fewer staff), increased digital processes, changing population demographics (an ageing workforce) and new service delivery models. Councils should embed the approaches they took during the Covid-19 pandemic which saw them adapt to working flexibly and being agile in how they deployed staff and working more closely with partners and communities.

Case study 7. Wellbeing initiatives

Angus Council runs a resilience programme to promote staff wellbeing and a programme for leaders is in development.

Dumfries and Galloway Council has created a robust wellbeing framework that includes cross-council and cross-sector collaboration.

North Lanarkshire Council updated its wellbeing communications to reflect new working practices and is also working closely with partners and providers to make sure the council's wellbeing offering meets staff needs.

South Lanarkshire Council has developed a 'New Deal for Employees' which encourages and supports employees to prioritise their own health and wellbeing. South Lanarkshire Council is the first in Scotland to ensure employees have the 'right to disconnect' outside of working hours.

[More information](#) is available on our website.

Source: Audit Scotland using information from the Improvement Service

95. The severe financial situation facing councils inhibits their ability to recruit and brings the risk of job losses. To meet rising demand and to deliver new Scottish Government policies, councils need to innovate to make the best use they can of their existing workforce to continue to provide sustainable services.

96. Effective workforce planning will be essential to:

- address current workforce challenges in recruitment, retention and skills shortages
- look ahead at longer-term capacity and skills requirements as councils fundamentally change how they deliver services
- ensure that councils reduce their workforce in an informed way so that skills and knowledge are not lost.

This requires sufficient capacity and skills, strategic thinking and comprehensive workforce data. See Audit Scotland’s workforce planning maturity matrix ([Exhibit 9](#)).

97. For several years we have reported that workforce planning needs to improve. Our auditors have told us that 16 out of 26 councils have updated their workforce plans since the Covid-19 pandemic and a further three have plans in development. Some councils have also been working to include succession planning in their workforce plans to develop future leaders or specific skills required across their workforce. Some are also now working with a three-year, rather than five-year, workforce planning cycle reflecting the more uncertain context.

98. However, councils continue to report that they lack the resources to support workforce planning, and that they are looking at ways to try and address this. Councils have been collaborating with one another, the Improvement Service and SPDS to share practice and to make improvements. The SPDS has suggested that COSLA have a role in engaging with the Scottish Government to develop a more holistic approach.

99. Workforce planning is the focus of the Commission’s annual Best Value thematic work next year and will be covered in all council annual audit reports published in Autumn 2024, followed by a national thematic report.

Exhibit 9. Workforce planning maturity matrix

Basic	Developing	Mature
<ul style="list-style-type: none"> • Short-term operational focus • Limited workforce data and analytics • Workforce plan not linked to priorities and delivery of strategic plans 	<ul style="list-style-type: none"> • Medium-term focus • Aligned to delivering priorities • Workforce and recruitment plans • Some workforce analysis • Annual review 	<ul style="list-style-type: none"> • Long-term focus on strategic priorities • Workforce and market analysis • Recruitment, development, retention and succession included in workforce planning • Workforce plans reflect new ways of working and scenario planning of future models service delivery and demands • Real time monitoring including of performance levels and staff wellbeing

Source: Audit Scotland



Councils have a clear focus on tackling inequalities and strengthening the use of data will help them to better understand community needs and focus fundamental change on improving long-term outcomes

100. Councils have a clear focus on tackling inequalities. We found evidence of data-driven approaches, partnership working, and community engagement being used to understand community needs and to develop plans and programmes to target inequalities and poverty. Positive findings include councils:

- setting up specific committees focusing on tackling poverty and inequalities ([Case study 8, page 39](#))
- working with partners, especially community planning partnerships, to understand need and develop place-based plans to tackle inequalities
- involving people with lived experience to better understand needs and demand.

101. Using lessons learned from the pandemic, councils have moved quickly to offer support to people in their communities most affected by the cost-of-living crisis. Many councils are working closely with third sector partners to help distribute crisis grants and provide support and funding to third sector partners directly to increase their support work. Some exceptional data-driven approaches are being used to identify and offer support to those most in need ([Case studies 9 and 10, page 39](#)).

102. Data can help councils to understand need, inform decision-making and service redesign, and drive improvement. Making better use of local data is still challenging especially the availability of equalities data and data sharing. Councils should supplement national datasets with local data and insight. Information from Scotland's Census 2022 is expected later in 2023 and should provide a valuable source of intelligence.

103. While we are seeing the emergence of some positive approaches to involving people with lived experience to better understand their needs, councils can do more ([Case study 4, page 33](#)). As councils take steps to radically change how they deliver services, the needs of the most vulnerable or people living in poverty must be at the centre. A key objective from the Christie Commission is that reform should 'prioritise prevention, reduce inequalities and promote equality'. While the pressures facing councils are immediate, they must not lose the focus on prevention and improving outcomes in the long term. A loss of preventative services will increase demand in the long term.

'Children growing up in poverty are at risk of poorer outcomes in the short and longer term'

[Tackling child poverty](#)

Accounts Commission and Auditor General for Scotland

Digital exclusion

104. The Covid-19 pandemic accelerated the shift to online services. While essential during the pandemic to allow the continued delivery of some services, the shift has increased the risk of digital exclusion. Councils have a variety of initiatives to reduce digital exclusion, such as working alongside the third sector to develop place-based approaches to reducing digital exclusion via library services or providing devices with internet access.

105. Digital technology will be a central component of future service delivery. Councils need to understand the needs of people experiencing digital exclusion and develop strategies to ensure that no one is left behind. We are currently undertaking a performance audit on digital exclusion. Our findings will be published later this year.

Case study 8. An approach to tackling inequalities

Aberdeen City Council has set up an anti-poverty and inequality committee to determine steps the city can take and to help key groups such as children, disabled people, women, people from black and ethnic minority communities, and those of pensionable age. The committee will also seek the views of those with lived experience and consider in-work poverty, youth employability, community food provision and energy costs. Several external advisers have been appointed to the committee. The expected benefits of the new committee include centralising all poverty and inequalities information which should allow elected members to thoroughly scrutinise reports, question council managers and directors and engage with the external advisers.

Source: Audit Scotland using information from Aberdeen City Council

Case studies 9 and 10. Supporting vulnerable communities

Inverclyde Council's Warm Hand of Friendship initiative was set up to help ensure that spaces, resources, advice and support are available throughout the council area for those who need them. Working with its partners and voluntary organisations, the council offers warm spaces or hubs and have delivered more than 400 activity sessions for adults and children such as book clubs and classes on IT skills. This has resulted in over 3,500 people being provided with a warm space, food and social interaction. Two thousand 'Warm Boxes' packed with useful items such as tea bags and blankets to help the most vulnerable keep comfortable throughout the winter were also distributed free to people receiving homecare support in Inverclyde.

Source: Audit Scotland using information from Inverclyde Council

Glasgow City Council: last year we reported on the council's innovative approach of using administrative data to identify and target resources at the most vulnerable communities during the pandemic. The council has continued this approach to target resources at those most affected by the cost-of-living crisis. The council distributed gift cards worth £105 to 85,000 to households who receive council tax reductions. They have also used data to identify people potentially eligible for Attendance Allowance and other benefits and used this provide an income maximisation service to clients over the age of eighty. Over the last year, 571 clients have been contacted by the service and over £1 million of financial gains have been secured on behalf of clients.

Source: Audit Scotland using information from Glasgow City Council

See our [website](#) for more examples of councils' approaches to reducing inequalities and better understanding the impact cuts have on people experiencing inequality.

Local government in Scotland

Overview 2023

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Audit Scotland, 4th Floor, 102 West Port, Edinburgh EH3 9DN
Phone: 0131 625 1500 Email: info@audit-scotland.gov.uk
www.audit-scotland.gov.uk

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To: Audit, Risk and Scrutiny Board

On: 21 August 2023

Report by: Director of Finance and Resources

Heading: Absence Statistics – Annual report 22/23 and Quarter 1 of 23/24.

1. Summary

- 1.1 The purpose of this report is to provide the Audit, Risk and Scrutiny Board with the absence information for the period 1st April 2022 to 31st March 2023. The report also provides absence performance by all services during quarter 1 covering the period 1st April to 30th June 2023.
- 1.2 During the reporting period 22/23, hybrid working continued to reduce the opportunities for transmission in office-based work activities.
- 1.3 Longer term absences continue to be impacted due to lengthier treatment and medical intervention waiting times.
- 1.4 The report details the absence statistics by service and by category of staff. 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.

2. Recommendations

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

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. Sickness absence statistics for the period 1st April 2022 to 31st March 2023 overview.




4.1 During the reporting period, Covid-19 restrictions were completely lifted quite quickly from most of the workplaces except the care sector; however, ventilation and hand washing remain key factors to reduce transmission.

4.2 The main presenting issues and their percentage of the overall presented absence figures for the year were:

- Psychological (29%)
- Respiratory (21%)
- Muscoskeletal (19%)

4.5 A comparison of the council overall absence performance for the years 21/22 and 22/23 is detailed in table 1. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of workdays lost per full time equivalent (FTE) employee.




Table 1

Employee Group	21/22	22/23	Variance +/- year on year
Local Government	13.89	15.24	+ 1.35 
Teachers	5.9	7.44	+ 1.54 
Council Overall	11.29	13.21	+ 1.92 






5. Sickness absence statistics for quarter 1 - 1st April 2023 to 30 June 2023.

5.1 A comparison of the council overall absence performance for the quarter (Q1) is detailed in table 2. Table 3 details services performance. In line with the reporting requirements for Scottish Councils, absence is expressed as a number of workdays lost per full time equivalent (FTE) employee.

Table 2

Employee Group	Quarter Ending June 22	Quarter Ending June 23	Variance +/- year on year
Local Government	3.46	3.41	- 0.05 
Teachers	1.77	1.70	- 0.07 
Council Overall	3.02	2.97	- 0.05 

5.2 **Table 3**

Service	Quarter Ending June 22	Quarter Ending June 23	Variance +/- year on year
Chief Executives	1.50	1.14	- 0.36 
Childrens Services	2.69	2.56	- 0.13 
Environment, Housing, and Infrastructure*	N/A	3.50	N/A
Finance & Resource Services	1.76	2.37	+ 0.61 
Renfrewshire Health and Social Care Partnership	5.04	4.60	- 0.44 
Council Overall	3.02	2.97	- 0.05 
Council Overall Target	2.60	2.60	n/a

*This is a new service with no previous data.

6. **Sickness absence targets analysis for quarter 1- 1st April 2023 to 30 June 2023.**

- 6.1 The local government employee absence level of 3.41 days lost per FTE employee is **0.81 days above** the council target of 2.60 days.
- 6.2 In addition, the teacher absence level of 1.70 days lost per FTE employee is **0.16 days above** the council target of 1.54 days.
- 6.3 The council has recorded an overall absence rate of 2.97 days lost per FTE employee, which is **0.37 days above** the council target of 2.60 days.

7. **Sickness absence reasons and related support measures during quarter 1 - 1st April 2023 to 30th June 2023.**

- 7.1 The main sickness absence reasons across the council presented in this quarter were:
- Psychological
 - Muscoskeletal
 - Stomach/bowel/blood and metabolic disorders

- 7.2 To support employees with psychological absences, the council provides a range of support services that employees can be referred to at an early stage for assistance, such as the council's Occupational Health Service and the Time for Talking employee counselling service.
- 7.3 The Time for Talking (TFT) counselling service provides 24-hour confidential support to employees with a range of personal health and well-being issues. It operates a flexible approach to appointments offering telephone consultations in the early mornings or evenings as well as throughout the day.
- 7.4 **69** new referrals were made and a total of **294** referrals offered during the reporting period. This generated an attendance rate of 85%. The main presenting issues are detailed below:



Personal

Stress/anxiety/depression
 Family Relationships
 Change
 Self-harm
 Anger



Work & Personal

Stress/anxiety/depression
 Retirement/Redundancy



Work related.

Role (the understanding of)
 Change
 Relationships (manager or colleagues)

- 7.5 Telephone consultations remain the most requested type of intervention, however more face to face appointments are being requested. During the reporting period TFT responded to 2 critical incidents.
- 7.6 HR and OD work in collaboration with NHS colleagues, to offer safeTalk and ASIST courses on suicide awareness and prevention as well as anxiety awareness courses. We also promote the "Doing Well" service which supports employees with depression and low moods.
- 7.7 The Physiotherapy service supports employees with Muscoskeletal and Joint Disorder conditions through the council's Occupational Health Service. The service has continued to be provided throughout the quarter using secure face to face appointments, video conferencing and telephone consultations.
- 7.8 The council's usage of the Occupational Health Service (OHS) for quarter 1 was **972** appointments. OHS provides advice and guidance on the impact of ill health on work and what steps the council and/or the employee may make in

order to secure a return to work. The main appointment types are detailed in table 4 below:

Appointment referral type	Number	Main types of intervention
Wellbeing	377	CBT/DBT/Physiotherapy.
Management	442	Presenting health condition advice and guidance.
Health surveillance	153	Audio/ Hand arm vibration.

7.9 We continue with our occupational health surveillance programme, offering audiometry, spirometry, hand arm vibration screening, and nightshift questionnaires. We have not reported new occupational diseases to the Health and Safety Executive.

8. Measures to support attendance at work

8.1 A number of measures being progressed to support attendance at work, include the following: -

- We have reviewed our absence policy and we are developing, with the support of the corporate communications team, an engagement and training plan.
- To link with the engagement plan, we are currently redesigning the current supporting absence training courses, ensuring managers are fully equipped to manage staff absence and take accountability for their absence status.
- We continue to develop, with support of the Business World Team, a suite of appropriate reports to enable managers to analyse their absence data. This will also provide an opportunity to increase the frequency of reporting sickness absence information to the Corporate Management Team.
- Throughout the reporting period, HR and OD have been working with service management teams to focus upon the absence data and look at interventions to support their staff. The biggest focus has been on the reduction of longer-term cases.
- In collaboration with the communications and marketing service, regular information and guidance continues to be issued, particularly around well-being issues. The last campaign focussed on the employee counselling service.
- Throughout the reporting period, HR and OD have been promoting the employee benefits scheme, which includes cycle to work. This may encourage employees to become active and healthier, which may help reduce spells of absence.
- We continue to link the supporting attendance measures to our Health and Wellbeing Strategy development, which supports the People strategy.
- As part of the council's health and safety management system, occupations which include manual handling activities as part of the role, require task risk

assessments. These risk assessments are reviewed on an ongoing basis to ensure that safe working practices are maintained.

- We are currently reviewing our workplace stress risk assessment process and guidance.

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

13. **Climate Risk** - 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

Author: Steven Fanning, Principal HR, and OD Adviser,
Finance and Resources,
telephone 07747790211
e-mail steven.fanning@renfrewshire.gov.uk.



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

On: **21 August 2023**

Report by: **Director of Finance & Resources**

Heading: **AUDIT, RISK & SCRUTINY BOARD ANNUAL REPORT
2022/23 AND ANNUAL PROGRAMME 2022/23 - 2023/24**

1 Summary

- 1.1 The annual report highlights the issues considered by the Board during the period August 2022 to May 2023 when the Audit, Risk & Scrutiny Board met five times. The report is submitted to the Board in terms of the Council's Code of Corporate Governance.
- 1.2 During the course of the year members looked at various subjects, including annual reports from other bodies and considered reports from the Chief Auditor and other audit-related matters.
- 1.3 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.
- 1.4 The Audit, Risk & Scrutiny Board prepares an annual programme which may include consideration of routine reports, as well as areas of specific investigation. This report highlights the issues encountered this year and updates Members on the progress of the Annual Programme for 2022/23 and highlights the programme for 2023/24.

2 Recommendation

- (a) That the Audit, Risk & Scrutiny Board annual report 2022/23 be noted; and
 - (b) That the Audit, Risk & Scrutiny Board Annual Programme for 2023/24 be agreed.
-

3 Annual Programme of Reviews

- 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.

Progress of Annual Programme 2022/23

- 3.2 The 2022/23 Annual Programme was agreed at the Audit, Risk & Scrutiny Board on 22 August 2022. The following reviews went forward as part of the Annual Programme of Reviews for 2022/23:
 - Charges for bulk items uplift for the elderly;
 - Lack of house and garden maintenance by some tenants and residents;
 - Neighbour Disputes; and
 - Lead Piping in Public and Private Housing in Renfrewshire.
- 3.3 At the Audit, Risk & Scrutiny Board meeting held on 15 November 2021 it was agreed to include a new review as part of the Annual Programme 2021/22 relating to linking the National Cycle Route 7 with the Whithorn Way, The Lead Officer, Kevin Waters, Planning Manager, Communities, Housing & Planning left the Council on 14 July 2022 and Catriona Halliday, Senior Technical Officer, Communities and Planning took over the project and presented the final recommendations of the Review to the meeting of the Board held on 22 August 2022. The report was submitted to Council and approved on 29 September 2022.
- 3.3 The review on Charges for Bulk Items uplift for the elderly is currently underway. The Lead Officer is John Kilpatrick and it is scheduled to be concluded in December 2023.

- 3.3 Each year an invitation is sent to Members of the Board asking them to submit suggestions for areas of investigation. However, with the agreement of the Convener no invitation was sent this year as there are two reviews outstanding which have still to commence and one review which was ongoing but has paused due to the Lead Officer leaving his post. The reviews are indicated below:
- Lack of house and garden maintenance by some tenants and residents; and
 - Lead Piping in Public and Private Housing in Renfrewshire
 - Neighbourhood Disputes – this review was ongoing but has stalled due to the Lead Officer leaving his post.
- 3.4 The Board undertakes 2 reviews each year based on there being one meeting per cycle and five cycles each year, although there is the facility to hold additional meetings if required. This has an impact on the number of reviews which can be undertaken and the length of time taken to conclude each review.
- 3.5 It is proposed therefore that once a lead officer has been appointed for the Neighbour Disputes Review, this and the following reviews form the 2023/24 annual programme:
- Lack of house and garden maintenance by some tenants and residents;
 - Lead Piping in Public and Private Housing in Renfrewshire.

Issues considered by the Board during 2022/23

4 Audit and Related Matters

- 4.1 Audit of Accounts - The Board at the meeting held on 14 November 2022 considered a report relative to the audit of the Council's 2021/22 accounts. The report intimated that the 2021/22 unaudited Annual Accounts were approved at the meeting of the Council held on 30 June 2022. Each year the Council's appointed external auditors carry out an audit of the Council's financial statements and provide an opinion as to whether the statements provide a true and fair view of the financial position of the Council and its income and expenditure for the year; and whether they had been prepared in accordance with the relevant regulations.

The report advised that there were three changes made to the annual accounts over the course of the audit in relation to the valuation of property assets, agency transactions in the Comprehensive Income and Expenditure Statement and a regulatory change to the presentation of depreciation. Other minor and presentational changes were also agreed.

- 4.2 Internal Audit Annual Report - The Board at its meeting held on 22 May 2023 considered the annual report which covered 2022/23. The report focused on the activities of the Council's Internal Audit section, 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 any significant risk exposures, control issues, including fraud risks, governance issues, and other matters that could be used to inform the governance statement.
- 4.3 Annual Internal Audit Plan 2023/24 – The Board at the meeting held on 13 March 2023 agreed a risk-based internal audit plan for 2023/24. 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 2023/24 annual audit plan and summaries on the findings and conclusions of each audit assignment were reported to the Board on a quarterly basis.
- 4.4 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.
- 4.4 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 teams. 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 and reported on a regular basis by the Council's management.
- 4.5 Internal Audit Charter - The Board at the meeting held on 22 May 2023 presented a revised Internal Audit Charter. The Charter had been amended to take account of the recommendation arising from the external Quality Assessment to include the definition of consulting activities and also the reporting arrangements agreed with Scotland Excel were updated to reflect that Internal Audit now reports to the Executive Sub-Committee rather than the Joint Board. No other material changes were required to the Internal Audit Charter.
- 4.6 Audit Scotland Reports – during the period covered by this report, the Board considered reports concerning findings from the audit of the 2021/22 Council statements, annual accounts, Common Good Funds and Charities and other audit activity; Local Government in Scotland – Financial Bulletin 2021/22; National Fraud Initiative 2020/21; and the Financial Response to Covid-19. Each report highlighted key points and the Council's position where available.

- 4.7 External Audit and External Audit Plan 2022/23 – The Board at the meeting held on 23 January 2023 considered a report which advised that Azets was now the Council’s external auditor, as a new five-year external audit appointment commenced in 2022/23. In advance of the formal Audit Plan being presented to the March meeting of the Audit, Risk and Scrutiny Board, Azets presented a high-level audit strategy report.

The meeting of 13 March 2023 considered a report which outlined Azets’ approach to the audit of the 2022/23 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 Azets and the Council, their assessment of key challenges and risks and the approach and timetable for completion of the 2022/23 audit.

- 4.8 Strategic, Corporate and Service Risks – The Board, at meetings held on 14 November 2022 and 22 May 2023 respectively, considered the latest position in managing the council’s risks entering the various quarters of the financial year. The Risk Management Annual Report 2022/23 was submitted to the Audit, Risk & Scrutiny Board held on 22 May 2023 and described the corporate risk management activity that had taken place during 2022/2023 in relation to the council’s risk management arrangements and strategic risk management objectives.

- 4.9 Annual Complaints 2020/21 – The Board at the meeting held on 14 November 2022 considered a report which detailed complaints received by the Council from 1 April 2021 to 31 March 2022 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 9,193 complaints were received in 2022/23 compared with 6,179 in 2021/22 and 7,924 in 2020/21. The report noted that the pandemic had resulted in a reduced volume of complaints in 2021/22.

The report detailed the performance on key indicators, and highlighted improvements made to the complaints handling process over the past year to ensure that complaints were handled well. It was noted that the system to support the logging of and learning from complaints, which had been launched by the Council in April 2020, meant that performance data came from a single source, which improved business intelligence and customer insight data.

- 4.10 Corporate Governance – The Board, at its meeting held on 13 March 2023 considered a report by Internal Audit which reviewed the adequacy and effectiveness of the revised Local Code of Corporate Governance. Internal Audit carried out a sample check of the evidence used to demonstrate compliance and confirmed that the Council complied with the requirements of the Local Code of Corporate Governance. In addition, it was evident that the Local Code had been subject to review and updates in line with developments in best practice and any revised Council Policies.

At the same meeting on 13 March 2023 the Audit, Risk & Scrutiny Board 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 evidence presented within the report demonstrated that strong governance arrangements had remained and 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.

- 4.11 Local Government Benchmarking Framework Indicator Profile 2021/22 – The Board at the meeting held on 22 May 2023 considered a report which provided an overview of Renfrewshire's performance for 2021/22, as well as outlining the wider context and trends for local authorities across Scotland. The purpose of the Framework was to support evidence-based comparisons and encourage shared learning and improvement.

The report provided an overview of Renfrewshire's performance in relation to the Local Government Benchmarking Framework (LGBF) for 2021/22, as well as outlining the wider context and trends for local authorities across Scotland. Last year's overview report to the Board noted the impact of the pandemic on performance, and that impact continued to be reflected in the 2021/22 data, which evidenced both the recovery work undertaken by councils and the challenges they continued to face.

The report detailed an overview of Renfrewshire's performance for the 105 indicators and 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.

- 4.12 Absence Statistics - The Board considered 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.

5 Annual Reports by other Bodies

- 5.1 Scottish Public Services Ombudsman (SPSO) – Annual Report 2021/22 – The Board at the meeting held on 23 January 2023 considered a report which highlighted that the health sector was the sector which the SPSO received most complaints being 34% of the SPSO's total caseload for 2021/22 with an increase in local authority cases receiving the second highest number 32% which was an increase of 2% from the previous year. The report advised that information received separately from the SPSO indicated that the number of complaints received relative to Renfrewshire was 43 compared to 31 in 2020/21. Of the 43 complaints determined by the SPSO during 2021/22 two went to investigation stage, one was "fully upheld" and one was "not upheld".

- 5.2 Commission for Ethical Standards in Public Life in Scotland: Annual Report 2021/22 - The Board at the meeting held on 23 January 2023 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 nationally the Commission experienced a decrease in the number of complaints received. Nationally, during 2021/22 the Commissioner received a total of 220 complaints, compared with 238 in 2020/21. The largest category of complaints related to disrespect towards employees/public.

The report indicated that the Acting Ethical Standards Commissioner resigned in April 2022 and the Public Appointments Manager took over the role of Acting Commissioner. This was amidst significant work activity and a particularly challenging period due to staff movement and restructure. However, the report indicated that the Commission was working with the Scottish Government to produce positive change and received an unprecedented number of reports of good practice and were able to publish a revised Code of Practice which came into effect in October 2022 prior to their year-end. Their report noted that in 2022/23 the Commission would be focusing on producing guidance on application of the Code and training for everyone involved in its implementation.

- 5.3 Scottish Information Commissioner Annual Report 2021/22 – The Board at its meeting held on 23 January 2023 considered a report which intimated that the Freedom of Information (Scotland) Act 2002 (FOISA) created a general right to obtain information from any designated Scottish public authority subject to limited exemptions. The annual report explored the performance of the Office of the Scottish Information Commissioner across the year and how FOISA could 'add demonstrable value to public services' within Scotland.

The report advised that in 2021/22 1,238 complaints were received about the health sector and 1,189 complaints about local authorities. As in previous years, the health sector continued to account for the largest proportion of cases received in 2021/22.

6 **Development Plan for Members**

- 6.1 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. At the meeting of the Audit, Risk & Scrutiny Board held on 13 June 2022 members agreed and commenced a programme of briefings which included the role of Audit Committee; the role of Internal Audit and Risk Management arrangements.

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
 13. Climate Risk - none
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Author: Carol MacDonald, Senior Committee Services Officer,
Finance & Resources.
email: carol.macdonald@renfrewshire.gov.uk