

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

**On:                13 June 2022**

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**Report by:      Chief Executive**

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**Heading:        Accounts Commission – Local Government in Scotland – Overview 2022**

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## **1.        Summary**

- 1.1    Each year Audit Scotland prepares a report on behalf of the Accounts Commission which provides a high level, independent view on the challenges facing councils in Scotland and how they are performing. The 2021 report had a particular focus on the impact of Covid-19 on Scottish local authorities, and this is continued in the 2022 report, published at the end of May 2022. The Overview Report is included as Appendix 1 to this document.
- 1.2    The Local Government in Scotland – Overview 2022 report covers a period of frequent change, from March 2021 to February 2022. That period included peaks of infection and changes to restrictions, and the beginning of recovery and renewal rather than response. The report focuses on how the pandemic has impacted the way in which councils organise themselves and manage resources, and on how they have adapted to address local needs. A number of case studies are included to show how different councils have dealt with the many challenges arising. Renfrewshire Council's Community Impact Assessment is highlighted as a case study.
- 1.3    In the key messages from the report, Audit Scotland acknowledge that councils have had a very challenging year, managing a range of complex external factors including the pandemic, the climate crisis and the UK's departure from the EU whilst also dealing with longer-term issues such as demographic shifts. The report draws on lessons learned from the pandemic response to highlight positive aspects which can be built on to further improve services and outcomes.
- 1.4    This report sets out a brief summary of the Audit Scotland overview and of Renfrewshire Council's current approach to tackling the challenges discussed.

## **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. Background**

- 3.1 In May 2022, Audit Scotland published its annual 'Local Government in Scotland: Overview 2021' report. As with the previous year's overview, this focuses on the impact of the pandemic in particular. It presents six key messages and provides detailed consideration and recommendations on two themes – organising the council and meeting local needs. It also highlights the large-scale and complex changes to councils' external environment.
- 3.2 The six key messages presented are:
- Councils have had a very difficult year;
  - The challenging context means collaborative leadership is more important than ever;
  - Pressure on the local government workforce continues;
  - The impact of the pandemic and service disruption has been felt more strongly by those already experiencing inequality;
  - The early response showed what could be achieved by working closely with communities and the voluntary sector; and
  - Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements.
- 3.3 Rather than focus directly on the pandemic in considering the external environment, the report considers how this has exacerbated long-standing demographic and financial pressures. The fall in life expectancy is noted, and the report predicts that the current cost of living crisis will impact negatively on child poverty rates and on the number of households experiencing fuel poverty. Audit Scotland expect this in turn to impact on demand for council services. However, they note that the approaches taken during the pandemic response – strong partnership working, more community engagement and a focus on vulnerabilities – will be of value in tackling these issues.
- 3.4 Audit Scotland also note the impact of three other major external events:
- The UK's departure from the EU, which is impacting on supply chains but also on funding streams whilst new funds are established to replace the EU Structural Fund;
  - Proposed social care reform, in the shape of plans to establish a National Care Service for Scotland;
  - Climate change, and the importance of having clear plans for reducing and mitigating the impact of this.
- 3.5 The report makes some reference to inflationary pressures, rising prices, supply chain challenges and the cost of living crisis, but the impact of that is not addressed in any detail for this year.

- 3.6 The remainder of the Audit Scotland report focuses on the two key themes. Each of these has sub-themes and a set of recommendations.

#### **4. Theme 1 – Organising the Council**

- 4.1 In considering how councils organise and operate, Audit Scotland have considered the leadership of recovery and renewal, the management of resources, and the management of workforce.
- 4.2 The first element considers how councils responded to the pandemic and how this is reflected in planning and decision-making. Renfrewshire Council is highlighted as a case study for the Community Impact Assessment undertaken, which shaped the development of the Social Renewal Plan.
- 4.3 Audit Scotland highlight the important role that recovery plans have played and note that incorporating these into refreshed strategic plans can help councils move from a response phase to a renewal phase, incorporating the lessons learned and new ways of working into a “roadmap for the future”. The report again highlights the importance of transformation programmes as well as the need for recovery actions to be linked to improved outcomes. The report makes the point that recovery and renewal are about responding to new local needs rather than returning to the status quo.
- 4.4 The report states that collaborative leadership was an important element in responding to Covid-19 and also asserts that this be maintained in order to meet current challenges. Seven enabling features of pandemic leadership are highlighted:
- Communicative;
  - Collaborative;
  - Emotionally intelligent;
  - Data-driven;
  - Agile and flexible;
  - Culture-focused; and
  - Enabling community empowerment.
- 4.5 One risk that is highlighted in the report is the relatively high turnover in senior officer and political roles. This could result in a loss of momentum and of organisational knowledge and disrupt decision-making.
- 4.6 Audit Scotland consider there to be a lack of information nationally, generally, about demands for and backlogs in council services, about progress with recovery and renewal actions, and about plans for service changes as recovery continues. They note that the collection and reporting of performance data has been disrupted by the pandemic but see greater and better use of data as key to strategic decision making.
- 4.7 The pandemic impacted significantly on the financial position of all Scottish councils and this was reflected in the Audit Scotland report ‘Local government in Scotland: Financial overview 2020/21’. There were additional costs to be borne as well as a loss of income, though it is noted that most councils reported a surplus in the year due to additional funding from other

tiers of government. Audit Scotland consider this to be a somewhat artificial position due to restrictions on how funding can be used, and note a real terms funding reduction for local government since 2013/14. The report also notes the challenges of financial planning in the absence of multi-year budget settlements for councils.

- 4.8 Audit Scotland believe that councils should review long-term financial plans to reflect current circumstances and take account of recovery approaches. It also notes the importance of transformation programmes to maintaining financial sustainability. As well as suggesting that such change programmes restart, Audit Scotland also note that capital investment has a role to play in post-pandemic recovery as well as in addressing some of the climate impacts councils face. This is within the context of ongoing supply-chain issues.
- 4.9 The ongoing discussions between COSLA and the Scottish Government regarding local government finance are referenced several times in the report. As noted in paragraph 4.2 above, this includes discussion of multi-year settlements. It also includes consideration of ring-fenced funding. It is noted that whilst this ring-fencing has supported the delivery of key national priorities (such as the expansion of early years provision), it does reduce the proportion of funding which is subject to local discretion.
- 4.10 The section dealing with managing the workforce focuses heavily on staff absence and wellbeing. Although absence levels across Scottish councils fluctuated, they have tended to remain above the pre-Covid average since March 2020. The pandemic is stated to have exacerbated existing skills shortages, and Brexit is also contributing to this. Areas of pressure exist in facilities management, HGV driving and social care. The report cites a survey which found that 56% of councils are finding it challenging to recruit to senior management positions.
- 4.11 Audit Scotland note that the pandemic has made workforce planning more difficult but also more necessary. The shift to home-based working is likely to have a long-term impact on how councils work but future models of working will need to be tested, and staff consulted.
- 4.12 The section on Organising the Council concludes by setting out nine recommendations covering governance, collaborative leadership, planning (strategic, financial and workforce), the use of data, and learning the lessons of the pandemic.
- 4.13 Renfrewshire Council is already progressing some of the suggested actions. The new Council Plan, which will be presented to elected members in September 2022, will incorporate the work currently being progressed through the Economic Recovery Plan and Social Renewal Plan. It will also have a refreshed approach to performance management. A new Employee Wellbeing Strategy is in development and staff engagement is a key feature of ongoing work to embed new ways of working. A number of workstreams are in place to support ongoing long-term financial stability and sustainability. The Right for Renfrewshire transformation programme continued to deliver on Phase 1 changes during the pandemic and is now being reviewed ahead of Phase 2 to ensure it remains fit for purpose in the new context.

## **5. Theme 2 – Managing Local Needs**

- 5.1 The first element of this theme focuses on how Covid-19 has disproportionately impacted those individuals and communities which were already experiencing inequalities. Examples of how this affects demand for council services nationally include the increase in the volume of applications for support grants, and from delays in carrying out repairs as a result of backlogs from when services were not permitted to access properties.
- 5.2 The benefits of moving to digital delivery as an alternative to temporarily stopping service delivery are seen as being clear by Audit Scotland, but unequal access to an internet connection and digital devices is highlighted as a challenge and a risk. The importance of engaging with communities on this is stressed.
- 5.3 The report highlights that national data is emerging to show that there has been a negative impact on educational attainment, on care at home services, and on unpaid carers as identified by Audit Scotland. There has been an increased risk of social and economic harm for those on low incomes, for women, for those from minority ethnic communities, for older people and for people with disabilities. Evidence is emerging of the impacts on children and young people – of increase in developmental delay, worsening mental health, and more children presenting with additional support needs. Audit Scotland believe that all councils need to consider the impact of disruption to services and assess and address the longer-term impacts. As noted earlier in the report, they highlight the potential for pandemic-response approaches (collaboration with third sector and communities etc) as a means of tackling these challenges. The need for data to support the understanding of issues and the success of possible solutions is also restated.
- 5.4. The second element of this theme builds on those messages to focus on collaboration and communities. Audit Scotland have already produced a report looking at the impact of the pandemic on community empowerment and identified many positives. They now find that, in general, there needs to be greater community input into recovery planning.
- 5.5 Increased demand for third sector services, coupled with uncertainty for many over future funding, could present a risk for future service delivery.
- 5.6 Four recommendations are presented within this theme. They cover digital exclusion, a continuation of the strong partnership working from the early phases of the pandemic, and the need for improved use of data.
- 5.7 As noted in paragraph 4.2, Renfrewshire Council carried out a Community Impact Assessment in order to inform recovery planning and has recently followed this up with a survey to our Public Services Panel. This will help the understanding of how needs are changing. The Community Plan is currently being refreshed in order to reflect how much has changed in recent years, and on the added value that can be brought to work on recovery and renewal through collaboration. The Council's Digital Strategy has a clear focus on digital exclusion and sets out how this can be tackled through direct provision of technology and connectivity, and by upskilling.

## 6. Next Steps

- 6.1 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.

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### 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.
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**List of Background Papers:** none

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# Local government in Scotland

# Overview 2022



ACCOUNTS COMMISSION 

Prepared by Audit Scotland  
May 2022

# 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](http://www.audit-scotland.gov.uk/about-us/accounts-commission)

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# Key messages



## 1. Councils have had a very difficult year

Alongside the ongoing response to the pandemic, councils have faced challenges in recovering services, dealing with increased demand and backlogs, and meeting community needs and expectations. This has taken place against a backdrop of long-standing pressures such as increased demand from an ageing population and rising poverty.



## 2. The challenging context means collaborative leadership is more important than ever

Councils are operating in a difficult and uncertain strategic context and face longer-term financial pressures, a lack of certainty and flexibility over long-term funding, and the prospect of major service reforms. This challenging context needs local government leaders skilled in effective strategic thinking, decision-making and collaborative working, and able to learn lessons from new ways of working. Collaborative leadership is more important than ever as councils work with partners, communities, and citizens to support recovery and improve outcomes.



### **3. Pressure on the local government workforce continues**

Councils are continuing to experience high absence levels. Impacts on staff wellbeing and skills shortages, particularly in front-line workers, have also been noted. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Workforce plans will need to be updated, considering lessons learned from new ways of working. Wellbeing support for the workforce must also continue.



### **4. The impact of the pandemic and service disruption have been felt most strongly by those already experiencing inequality**

Councils have worked hard and adapted to maintain service delivery but not all services are back at pre-pandemic levels so those most in need of support are still being affected. Councils must evaluate these impacts so that recovery and renewal supports those most affected and addresses inequalities. Recovery and renewal should also reflect the wider ambitions of the public service reform agenda.



### **5. The early response showed what could be achieved by working closely with communities and the voluntary sector**

This momentum may be lost if communities and the voluntary sector are not involved in shaping recovery. Flexible governance and decision-making structures will be needed, as will opportunities for more local participation.



### **6. Improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements**

Data has been important in guiding the response to the pandemic but there are key areas where a lack of data could hamper recovery, such as unmet needs, service demands and backlogs. Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level.

# Key facts



**32**

**Councils**



**5.5 million**

People served by councils



**213,000**

**Workforce**

Local government workforce FTE Q4 2021. 2.4 per cent increase since Q4 2020



**£13.8 billion**

**Budget**

Net expenditure budget for 2021/22



**1.3 million**

**Covid-19 cases**

Cases between Mar 2021 and Feb 2022



**£0.5 billion**

**Lost income**

Estimated loss of income from customers and clients in 2020/21



**Inequality**

**24 years less**

Healthy life expectancy in most deprived areas compared to less deprived areas

**24.3 per cent**

Children living in poverty in 2019/20 (most recent year available)



**Financial hardship**

**8.8 per cent**

Rent arrears as a per cent of rent due at Dec 2021. Up from 7.3 per cent in 2019/20 (pre-pandemic)

**132,435**

Claimant count Feb 2022. Still above pre-pandemic levels



**Support**

**30 per cent**

Increase in Discretionary Housing Payment budget since 2019/20 (pre-pandemic)

**£600 million**

Value of business support grants administered 2021/22

**56,205**

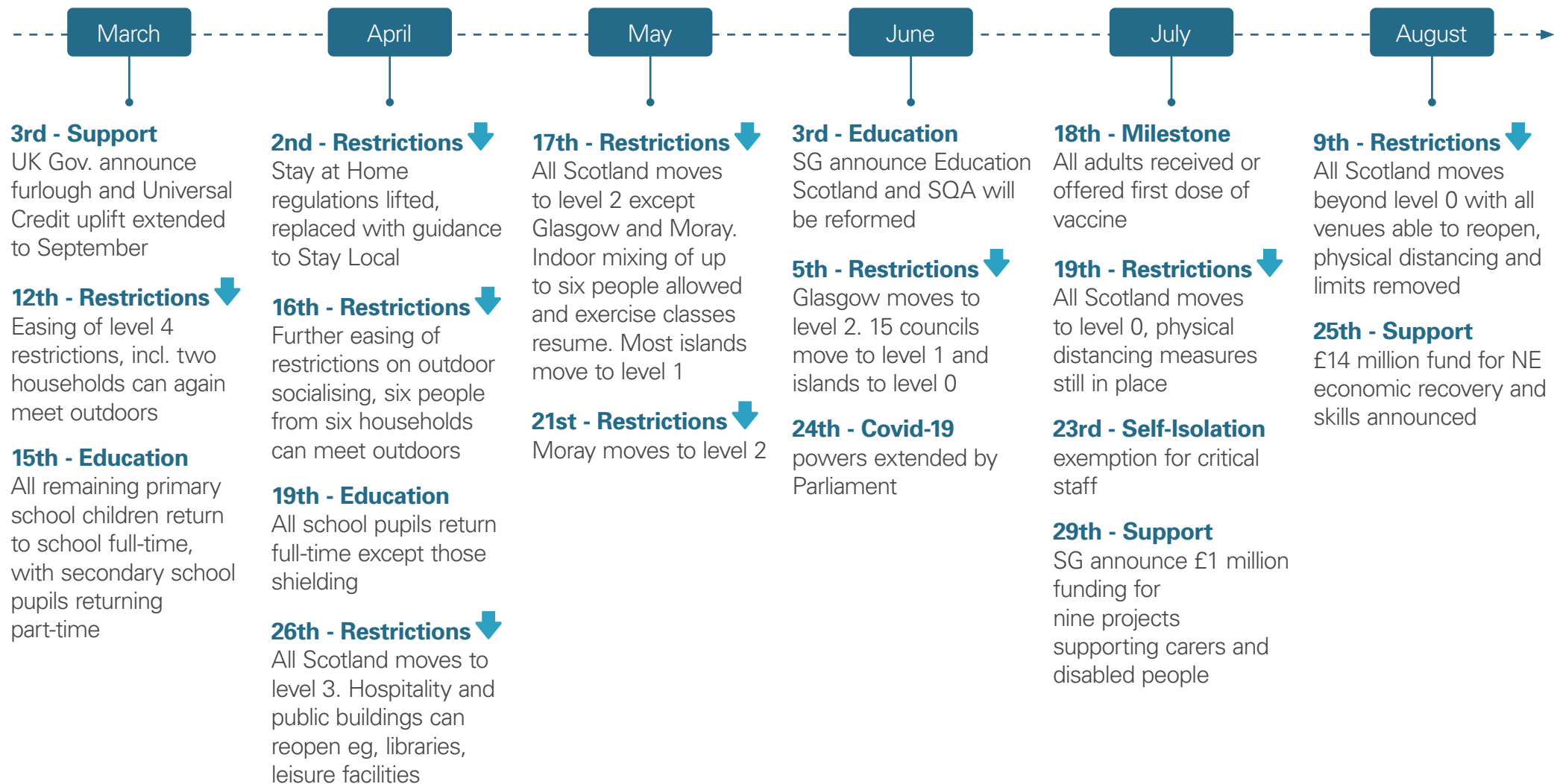
Self-isolation grants awarded at end Nov 2021 (started 12 Oct 2020)

**491,016**

Number of Helpline calls and texts (includes Test and Protect), Mar 2021 to Feb 2022

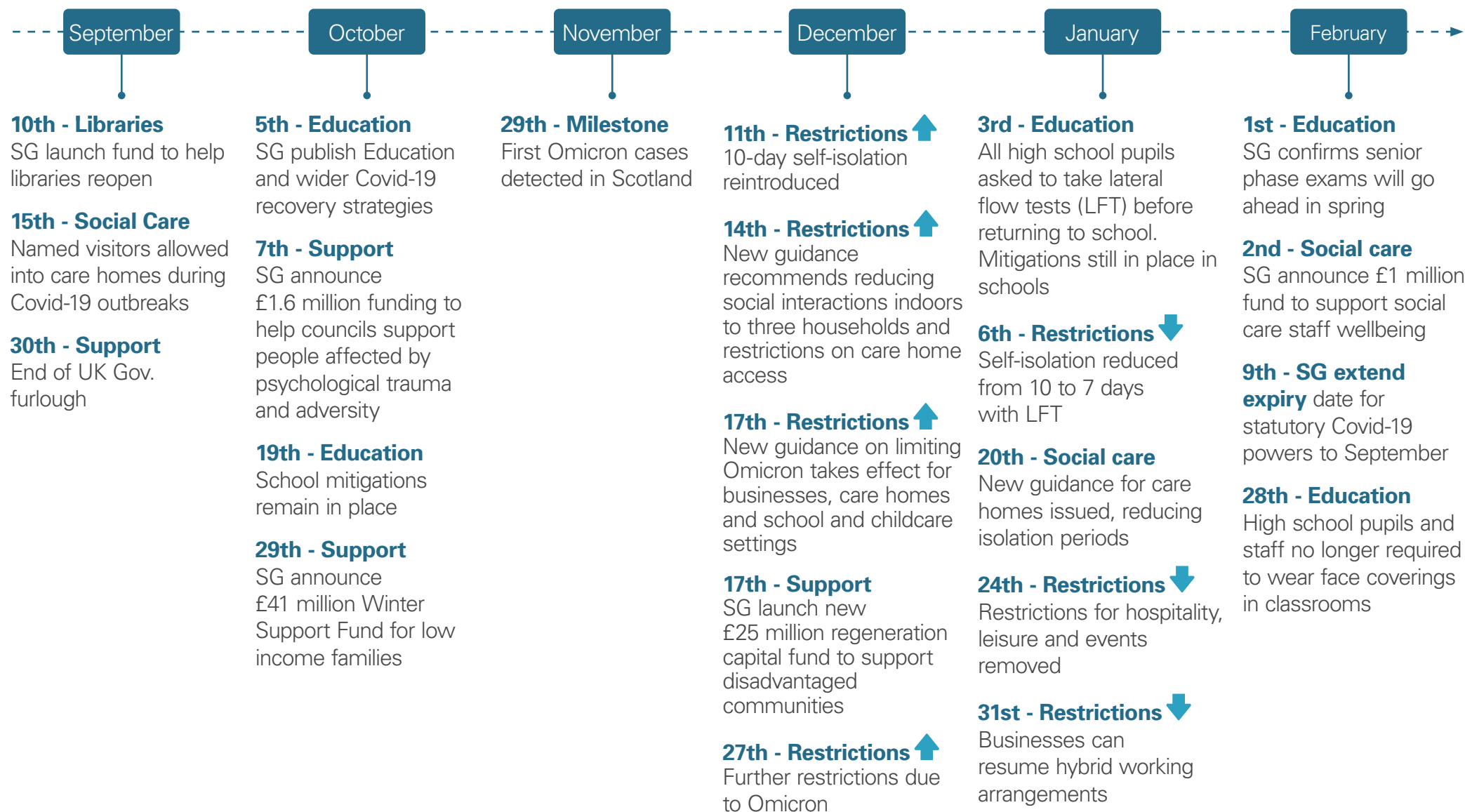
# Timeline

## Covid-19 restrictions and key events between March 2021 and February 2022





## Timeline continued



Source: SPICE (Scottish Parliament Information Centre), Scottish Parliament

# Background

## Reporting on the impact of Covid-19 on local government

### Our strategic approach to covering Covid-19 in local government overview reporting

1. In August 2020, we set out a strategic medium-term approach to reflect Covid-19 in future local government overview reporting.
2. The first report in the series, [Local government in Scotland: Overview 2021](#), considered the initial response phase of the pandemic from March 2020 to February 2021. This included:
  - the initial emergency response and the impact on council services, how councils and their workforce were working in new ways, and how collaboration with communities and partners had been vital
  - the continued financial challenges councils face, and how councils were starting to plan for recovery and learn lessons from responding to the pandemic.
3. Future reporting will cover further progress towards recovery and renewal and examine the longer-term impact of the pandemic.
4. An in-depth financial overview of the sector complements each local government overview. This year's report, [Financial overview 2020/21](#), was published in March.

### This report:

- is the second in the series of reports that reflects the evolving and long-term nature of the impact of the Covid-19 pandemic
- considers the second year of the pandemic from March 2021 to February 2022, with data and information correct as at the end of February 2022. We attempted to use this timeframe for all data but where it was not possible the most recent available was used instead
- builds on last year's overview report and assesses:
  - the ongoing impact of Covid-19 and councils' progress towards recovery and renewal
  - how councils are positioned to address long-term priorities including climate change, inequality and public service reform
  - how effectively council leadership is managing recovery and renewal
- includes exhibits and case studies throughout to illustrate issues and practice across councils
- The findings of this report are drawn from the range of local and national audit work carried out during the year as well as specific research and analysis of available data and intelligence.

# Progress towards recovery and renewal

Councils have had a difficult year. Alongside continuing to respond to Covid-19 they have been planning and recovering services and renewal in an increasingly complex and uncertain environment.

5. As we began scoping this year's overview, we hoped that the second year of the pandemic would be about recovery and returning to normal. That has not been the case. Covid-19 has continued to have a significant impact on all aspects of daily life.

6. Councils too have had a difficult year. They have moved on from the immediate emergency response of year 1, but they have had to continue to respond to Covid-19 – managing restrictions and mitigation measures, providing support to communities, and operating differently – while also recovering services and planning renewal in a complex and uncertain environment. The [timeline \(pages 8 and 9\)](#) shows the complexity as councils moved in and out of restrictions throughout the year and different programmes of support were introduced.

7. Recovery and renewal are not about returning to the pre-pandemic status quo. The process of recovery and renewal includes directing resources to help ensure that services can restart and are reshaped to meet the new needs of the local area, to address the harm caused by the pandemic, to support economic recovery, to empower communities, to address inequalities, and to tackle key priorities including climate change, growing poverty, and the long-standing need for public service reform.

8. We have structured this report around three main themes on which progress towards recovery and renewal depends. Leaders need to consider how well their council is:

## Responding to the external environment:

climate change, reform, financial pressures, Brexit, demographic change



## Organising the council:

leadership, resources, workforce



## Meeting local needs:

inequality



Shaped by  
engaging with  
communities and  
collaboration



# Responding to the external environment

As councils continue to plan their recovery from Covid-19 and renewal they need to tackle key priorities including climate change, poverty, and the long-standing need for public service reform.

## Councils have to respond to a large and complex programme of reform and the impacts of departure from the EU

### Social care reform

**9.** The Accounts Commission together with the Auditor General for Scotland recently reported on the huge challenges that face the social care sector in Scotland in their [Social care briefing](#). Increasing demand, severe workforce pressures and limited progress in service improvement and reform are affecting the sustainability of services. Action is needed now to address these issues.

**10.** Scottish Government proposals for a new National Care Service are still at an early stage but will have a substantial impact on local authorities' responsibilities. Such a significant programme of reform brings challenges and risks. Reform in other areas of the public sector has shown that expected benefits are not always clearly defined, and even when they are, they are not always delivered.<sup>1</sup> Focusing on such a major transformation will also risk a diversion from tackling the immediate challenges within the social care sector. For local government there is uncertainty about the destination of the policy, and concern over a loss to local empowerment and funding for councils.

### Brexit

**11.** The UK's departure from the European Union is exacerbating the challenges councils face. The Trade and Customs Agreement (TCA) between the United Kingdom and the European Union has imposed new tariff and non-tariff barriers in stages from 1 January 2021. This represents a further supply shock to the United Kingdom's economy in addition to Covid-19 and the rise in global energy prices. Councils are facing higher prices and shortages of key resources, for example construction materials and labour shortages particularly in the construction and care sectors. There is also uncertainty around the loss of EU structural funds and their replacement. There is a reported lack of understanding about how the Shared Prosperity Fund, due to launch in 2022, will work for councils, and what its relationship will be to the Community Renewal Fund and the Levelling-Up Fund.<sup>2</sup>

**12.** It is difficult to untangle the combined impacts of Brexit and Covid-19. Councils remain uncertain about the long-term effect of EU departure and are continuing to monitor impacts on the labour market including staff shortages, access to funding, and on business.

## Climate change

**13.** Councils recognise that climate change is an urgent issue. They have committed to taking action to achieve net zero, but clearer plans are needed to achieve it.



### Climate change – policy spotlight

Around two-thirds of councils have formally declared a climate emergency, and COSLA's Blueprint for Local Government states that climate change is a 'greater threat than COVID'.<sup>3</sup> However, there is no universally shared understanding of what declaring a climate emergency means in practice and there is variation in policy and practice across councils. The Scottish Government has recently published guidance on public sector leadership on the global climate emergency to help public bodies in leading climate action.<sup>4</sup>

Councils' ambitions for how and when they will achieve net zero or other emissions reductions targets are varied, but all are either on or before the Scottish Government's national target year of 2045. Council recovery plans have climate change as a theme with commitments such as providing active travel routes in communities, installing electric car charging infrastructure, and pushing forward plans for low-emission zones.

Source: Audit Scotland

We, together with the Auditor General, set out our joint approach to auditing climate change in October 2021 in [Auditing climate change: An update \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/auditing-climate-change-an-update). It reported that while public bodies, including councils, have declared a climate emergency, there are questions around definitions of net zero and the robustness of plans. It also highlighted the importance for bodies in tackling adaption and resilience to reduce the impact of climate change that has already taken place, the need for investment to achieve net zero, the critical role for the public, and the need for strong partnership working and public sector leadership.

Addressing the climate emergency and setting actions to achieve net zero will need to be a key element of councils' recovery and renewal from the pandemic. We will be reporting on the approach that councils are taking to meet their climate change ambitions in late summer 2022.

## The impact of the pandemic sits against a backdrop of long-standing and growing demographic pressures and a growing cost of living crisis that will affect demand for council services

**14.** The overall population is projected to fall over the next 25 years.<sup>5</sup> The trend is towards an ageing population and the proportion of those aged over 65 will increase. The latest data shows that overall life expectancy has fallen as has healthy life expectancy. Deprivation has a big impact on both.<sup>6 7</sup>

**15.** Poverty rates have been rising in recent years, with the highest rates among children. The proportion of children living in poverty (after housing costs) has increased from 21.6 to 24.3 per cent since 2013/14, including a 1 percentage point increase in the most recent year in which data is available.<sup>8</sup> This trend is seen across all 32 councils but in recent years poverty rates have increased at a faster rate in councils with lower levels of deprivation.

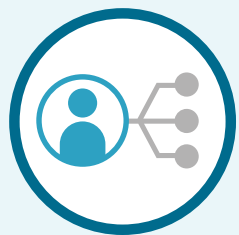
**16.** Increasing financial hardship is expected as the cost of living rises rapidly, with the greatest effects felt by those already experiencing poverty. Energy Action Scotland estimate that in 12 council areas over 40 per cent of households will live in fuel poverty after April's energy price rises. Eileanan Siar is forecast to be the worst affected area with an estimated 57 per cent of households living in fuel poverty.<sup>9</sup>

## Challenges for councils

**17.** Planning to respond to these longer-term issues is difficult. Funding levels continue to be uncertain because of short-term funding cycles, ring-fenced funding and uncertainty over how long Covid-19 funds will remain in place.

**18.** It will be challenging for councils to find the capacity and resources to respond to, influence and shape this programme to their own contexts particularly while continuing to respond to Covid-19 and deal with service backlogs and increased demand and harms arising from the pandemic. This uncertain and challenging context needs effective strategic thinking, decision-making and collaborative working from local government leaders. It also needs a resilient workforce, and a culture that promotes collaboration, innovation and wellbeing.

**19.** Councils can learn from how they responded to the pandemic – through strong partnership working, engaging with communities and focusing on vulnerabilities.



# Organising the council: leading recovery and renewal

Leaders in local government face a challenging context. As they plan for recovery and renewal it will be important that they collaborate with their partners and communities. This will need skilled leadership, learning lessons from the pandemic and working to make the best use of resources to improve outcomes.

## Councils prepared recovery plans in response to the pandemic, and leaders are now starting to plan and set out their vision and strategy as their councils navigate the uncertainties and challenges they face

**20.** Local government leaders are operating in a complex, uncertain and volatile environment, and external pressures make it difficult to plan and deliver councils' recovery from the pandemic. These include:

- uncertainty about the course the pandemic will take and its impact on operations, pivoting between response and recovery
- the impact of major public service reforms, including the proposed National Care Service
- a lack of longer-term financial settlement and limited flexibility because of ring-fenced funding.

**21.** Councils have prepared recovery plans that vary in their approach from high-level strategic statements to more detailed short-term operational plans. They have been a helpful tool for managing the early recovery phase and reinforcing the need for councils to remain flexible in a changing and volatile environment. We expect that councils will continue to refresh and refine their plans to set out more clearly how they will address inequalities, mitigate the harm caused by the pandemic, improve outcomes and monitor progress.

**22.** Recovery plans include a focus on partnership working, but leaders have an opportunity to collaborate more widely with their communities in planning for the future. This could lead to more sustainable, community-focused renewal and innovative ways of delivering services in communities.

By **leaders** we mean elected members, chief executives and the senior management team.





## Case study 1

### City of Edinburgh Council



#### **In response to the pandemic, the council quickly developed and implemented their Adaptation and Renewal Plan.**

It realised that pre-pandemic working practices could not continue and might never return. It created the Now, Near, Far & Beyond programme linked to national guidance but with the ability to respond to any changes. The plan was regularly updated and aligned with the agreed City Vision 2050. Updates included a Covid-19 dashboard containing a range of public health, Covid-19 response and economic data, as well as details of decisions made at committee meetings. These were made available online to the public, via the council website, providing transparency of the council's decision-making and governance process.

Source: Audit Scotland using information from City of Edinburgh Council

**23.** Some councils have integrated their recovery plans into refreshed strategic plans, including Local Outcomes Improvement Plans, recognising the impact of the pandemic, lessons learned from the response, and the need to realign priorities. This can help councils move from response to renewal and set a roadmap for the future. Common themes in recovery plans that are being reflected in wider strategic plans include:

- New ways of working – digital technology, the workforce
- Addressing growing inequalities
- School education recovery
- Focus on health and wellbeing both in the community and workforce
- Economic recovery
- Climate emergency.

**24.** The Scottish Government published a national recovery plan in October 2021.<sup>10</sup> While most councils' recovery plans were published before this, councils will have an opportunity to consider the priorities set out in the national recovery plan as they refresh their own plans. There is also an opportunity to consider the wider public service reform agenda and how to incorporate the principles of people, prevention, performance, and partnership into their plans.<sup>11</sup>



## **Current recovery plans emphasise the negative effect that Covid-19 has had on inequalities but are not clear on how planned recovery actions will improve outcomes for those most affected**

**25.** As outlined in [paragraph 77](#), there is a lack of data on the scale of service backlogs and increased demand, and evidence of the harm caused is still emerging.

**26.** Councils have struggled in the past to bring about the level of change that is needed to deliver public service reform, sustainable local government, and better outcomes. Transformation programmes have been disrupted by Covid-19 at the same time as new operating models and service delivery approaches have been presented.

**27.** There is a risk that councils are unable to deliver the level of recovery and transformation needed with their existing resources and will have to make difficult decisions about prioritising services.

## **There are good examples of councils showing leadership in tackling long-standing structural issues through new place-based initiatives such as community wealth building**

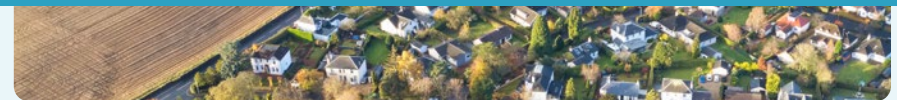
**28.** Following successes in England, North Ayrshire was the first council in Scotland to create a community wealth building strategy, in which the council, other public bodies and key organisations work with communities to support local economic development and tackle poverty.<sup>12</sup> Community wealth building has now been adopted by a number of councils and is part of the programme for government.

## **Collaborative leadership skills have been important during the response phase and need to be maintained to meet the complex challenges ahead**

**29.** Collaborative leadership enabled the response to the pandemic as councils worked with partners, communities and across departments. [Exhibit 1. \(page 18\)](#) outlines key leadership principles that have been important in the response phase and could further support recovery and renewal. Recent Best Value Assurance Reports have shown that not all councils have the collaborative leadership needed to drive change, and so it is particularly important that they develop the leadership skills needed in this complex and uncertain environment.

### Case study 2

#### **Renfrewshire Council**



**Renfrewshire Council worked with partners to carry out a community impact assessment to gather information on how the pandemic has affected people in Renfrewshire.**

This included analysis of all available data, a programme of community meetings and surveys, and engagement with local partnerships on key issues affecting local communities. The findings were used to develop a social renewal plan which sets out the work the council will do with other public sector and voluntary sector partners to tackle inequality and poverty and to support families and communities in the wake of the pandemic.

Source: Audit Scotland using information from Renfrewshire Council

# Exhibit 1.

## Principles of leadership that enabled the response to Covid-19



**Communicative** – being available, engaging, honest and open. The pandemic created uncertainty that demanded more frequent communication with staff, partners, and communities. This provides assurance, uncovers issues, and enables decision-making. The shift to remote and hybrid working also demands more frequent communication.



**Collaborative** – working with and empowering others. This was critical to the pandemic response and harnessing the resources of the community and partners. Complex problems need a ‘whole systems approach’ that works across organisational and functional boundaries and aligns objectives and outcomes.



**Emotionally intelligent** – showing empathy, understanding and dealing with the ‘whole person’. The impacts on the health and wellbeing of the workforce and communities demands greater emotional intelligence from leaders.



**Data driven** – using data and information to plan, make decisions, direct resources and monitor progress, as well as to learn from looking back. Data has been a vital tool, and leaders’ ability to use data will be important as we move into the future.



**Agile and flexible** – making decisions and working quickly to respond to emerging issues. Having a clear vision and purpose is important, but also being agile and flexible in an uncertain environment.



**Culture focused** – being open and honest, inspiring trust and respect, and having empathy are all important, as are encouraging learning, improvement, innovation and collaboration. Leaders need to focus on creating the right organisational culture.



**Enables community empowerment** – supports communities to take more control, builds effective relationships with communities, and shows strong public sector leadership on community empowerment. These can help improve outcomes and reduce inequalities.

Source: Audit Scotland

## Changes and turnover in senior officer and political leadership present a risk to councils' capacity to maintain momentum and drive forward recovery

**30.** Turnover of senior officers has been high recently with half of all council chief executives coming into post within the past four years as well as other changes to senior leadership teams in some councils over the past year. Some councils are experiencing difficulties in filling vacant senior management positions. The pandemic is reported to have led to a surge in resignations, as senior leaders and management consider their work/life balance and overall position, potentially leading to further change in the sector. The local council elections may also bring in a new cohort of elected members and changes in political leadership in councils.

**31.** This turnover in officials and elected members could bring new ideas and energy to the challenges of recovery, but it could also risk a loss of momentum, organisational knowledge and capacity and disrupt decision-making. At this time, it is important that councils establish stability in their leadership to provide strong support and guide recovery and renewal. Effective succession planning arrangements are needed so that the skills required at a senior level are developed in new and emerging leaders.



Our [‘Questions for elected members’](#) checklist has been developed to help elected members in their scrutiny and decision-making roles and in working with council executives. The Improvement Service has also worked with councils to prepare induction materials that will be available for the new cohort of elected members which will help them take up their role in leading and scrutinising recovery.

## As governance structures are re-established, better information is needed on service recovery to support scrutiny and inform decision-making

**32.** Councils put in place emergency governance arrangements in the initial months of the pandemic. They have since re-established their full committee structures, albeit via online, virtual and hybrid meetings.

**33.** Public accessibility and therefore participation has changed following the shift to online and virtual meetings. All councils provide public access via either live streaming or a recording of council and committee meetings, and most councils offer both. As restrictions continue to be lifted, councils should review how their approach can best meet the needs of their citizens and make sure that no one is excluded.

**34.** Councils have taken a range of approaches to the governance of recovery and renewal, with some having recovery boards and other structures that can involve both elected members and senior managers.

**35.** It is not clear whether sufficient information on the status of, and changes in, council services is available to support scrutiny and inform decision-making. It is difficult to find update papers that clearly set out councils' progress on recovery and renewal, what demand and backlogs exist, and what changes to services are planned. Greater transparency is needed to provide assurance that proper scrutiny is in place.

## **Councils recognise that they have an opportunity to learn lessons from the new ways of working and approaches to service delivery that have been put in place in response to the pandemic**

**36.** Leaders need to do more to learn the lessons from the pandemic response and use this to drive longer-term recovery and renewal. Key lessons learned include the benefits of:

- collaborative working with partners and communities to respond and reshape services
- having access to and making better use of data to understand needs and plan services
- the rapid use of digital technology in service redesign
- focusing on vulnerability and inequality, including taking a 'whole systems' and holistic approach
- new ways of working for staff
- focusing on physical and mental wellbeing – for communities and the workforce
- promoting shared values and a caring culture (kindness)
- the opportunity to reconfigure the estate
- adopting place-based approaches.

**37.** The Improvement Service is supporting councils by updating the Public Service Improvement Framework (PSIF) to capture learning from the Covid-19 response.<sup>13</sup> It has developed several checklists and self-assessment tools that councils are starting to use.

**38.** South Lanarkshire Council pioneered the new PSIF checklists, resulting in its 'New Ways of Working' plan, which includes technology, maintaining the new networks and new volunteers, 'agile' working, and maintaining its work with partner organisations on information sharing.

## **Data has been important in guiding the response to the pandemic. But improvements are needed in data availability, tools and skills to support performance monitoring, strategic decision-making and planning service improvements**

**39.** Council performance reporting has been affected by the pandemic and, while councils continue to report regularly, there have been delays and inconsistencies. Comparing performance over time is difficult given the disruption to council services during the pandemic.

**40.** The Local Government Benchmarking Framework (LGBF) 2020/21 shows increasing variation in performance across councils and a level of complexity that needs careful interpretation but offers councils a rich source of intelligence to evaluate how local factors (ie, different local restrictions, patterns of demand and need, and local response and solutions) affected their performance.<sup>14</sup>

**41.** Early in the pandemic the Improvement Service developed a Covid-19 data dashboard to provide councils with up-to-date council- and Scotland-level data across 22 measures. This helps councils to monitor key aspects of their Covid-19 response and supports more immediate data-driven decision-making. Alongside the Local Government Digital Office, the Improvement Service is working to create a local government data portal.

**42.** Research by the Urban Big Data Centre found that since the beginning of the pandemic councils have experienced a rapid increase in demand for 'on the ground' information to understand their local communities.<sup>15</sup> But this is hampered by challenges including access to data, a lack of joined-up data, issues with data quality and a lack of analysts to generate intelligence from it.

**43.** The pandemic has introduced additional complexity into existing data sets, with data gaps and disruption of data collection, as well as the impact of service disruptions on data trends, making it more challenging to interpret the data. We know that councils were reporting data skills shortages before the pandemic.<sup>16</sup> It will be important for leaders to collectively drive improvements in data, in terms of not only data quality and timeliness but also building data skills within councils. This will support councils to put a performance monitoring framework in place that allows them to make strategic decisions and to plan improvements, recovery, and renewal.



# Organising the council: managing resources

Councils' finances have been significantly affected by Covid-19. The long-term funding position remains uncertain, with significant challenges ahead as councils continue to manage and respond to the impact of the pandemic on their services, finances, and communities.

## **Covid-19 significantly impacted on many aspects of councils' finances in 2020/21**

**44.** Our report [Local government in Scotland: Financial overview 2020/21](#) is the first to capture the full year effect of Covid-19 on councils' finances and explains how the pandemic and the associated lockdowns have created significant financial challenges and uncertainty.

**45.** Councils experienced significant additional costs, loss of income and unrealised savings as a result of the pandemic. For example, councils experienced a drop in the income generated from customer and client receipts of approximately £0.5 billion in 2020/21, from the disruption of key income streams such as cultural and community activities, car parking, school meals and trade waste disposal.

**46.** In 2020/21, the Scottish Government increased funding to councils by £1.5 billion to support them to deal with the impacts of the pandemic.

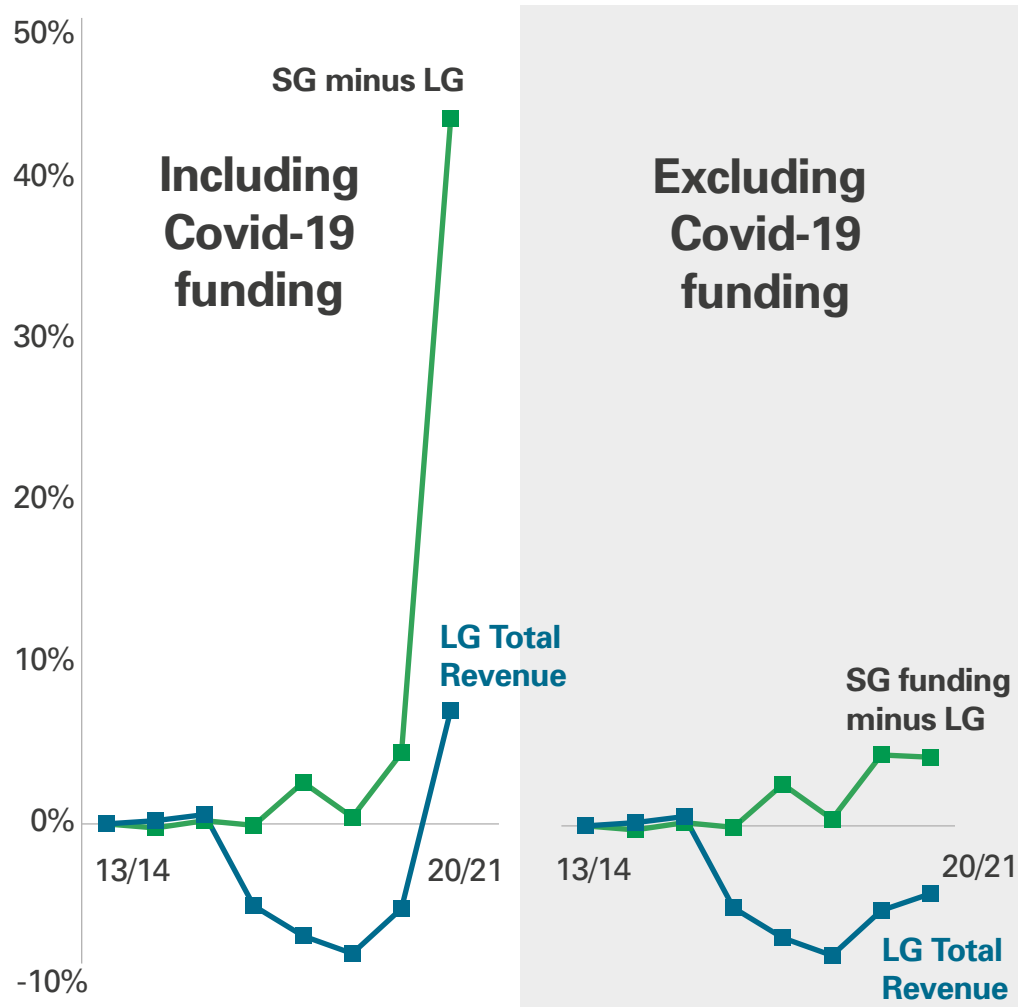
**47.** All councils reported surpluses in 2020/21, largely because of the additional funding received. Total usable reserves across Scotland increased significantly, from £2.6 billion in 2019/20 to £3.8 billion in 2020/21. However, this has artificially inflated the position. Councils are unlikely to have flexibility in how large elements of reserves can be used.

## **Funding to local government has been reduced in real terms since 2013/14. The rest of the Scottish Government budget has seen an increase in funding over the same period**

**48.** Funding from the Scottish Government to local government increased by 7.0 per cent in real terms between 2013/14 and 2020/21. However, this was because of significant additional Covid-19 funding. When this additional funding is excluded, councils' underlying cumulative funding has fallen by 4.2 per cent in real terms since 2013/14. This is in contrast to an increase of 4.3 per cent in Scottish Government funding of other areas of the budget over the same period [Exhibit 2. \(page 23\)](#).

## Exhibit 2.

A comparison of real-terms changes in revenue funding in local government and other Scottish Government areas (including and excluding Covid-19 funding)



Source: Finance Circular 5/2021 and Scottish Government budget documents

**The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial**

**49.** The Scottish Government continues to fund councils on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term, and work with partners to develop long-term plans to deliver better outcomes and address inequalities.

**50.** Managing reserves and having in place robust medium- and longer-term financial plans will continue to be key to maintaining financial sustainability.

**51.** The Scottish Government has indicated that a longer-term funding settlement for councils may be possible, however multi-year allocations were not included in the 2022/23 budget.

**52.** The Scottish Government and COSLA are currently developing a fiscal framework to determine future funding of local government. Work on the Local Governance Review also continues. These may result in additional spending powers for local government, giving communities and places greater control over the decisions that affect them most.<sup>17</sup>



## **Councils now need to review longer-term financial plans as Covid-19 uncertainty diminishes. They should ensure that financial plans are clearly linked to overarching recovery strategies**

**53.** Auditors have reported greater uncertainty in current financial planning arrangements at councils because of Covid-19. Analysis of a sample of 22 councils found 15 with a long-term plan in place. However, many of these now need to be updated to reflect current circumstances.

**54.** As the uncertainty created by Covid-19 diminishes, councils should update their longer-term financial plans and take account of their overarching recovery strategies to ensure a cohesive approach to recovery and renewal of services, finances and communities.

## **As Covid-19 funding ends, councils will need to adapt and make difficult decisions to maintain financial sustainability**

**55.** COSLA expect that councils will need to restart change programmes that have stalled, deliver savings and bring forward proposals to reduce costs. Transformation programmes will be important for councils in helping identify resources for priority areas.

**56.** Responding to the programme of reform outlined in [paragraph 10](#) further exacerbates this challenge. In addition, councils' financial outlook challenges are heightened by increasing inflation – data from the Office for National Statistics shows that this has risen to a level higher than has been seen for many years.<sup>18</sup>

## **While COSLA and the Scottish Government continue to discuss the extent of ring-fencing in the local government budget, it is clear that spending on priority areas have increased while other areas of the local government budget have faced spending cuts**

**57.** There is a significant difference between the view of COSLA and that of the Scottish Government on the extent of ring-fencing in local authority budgets.

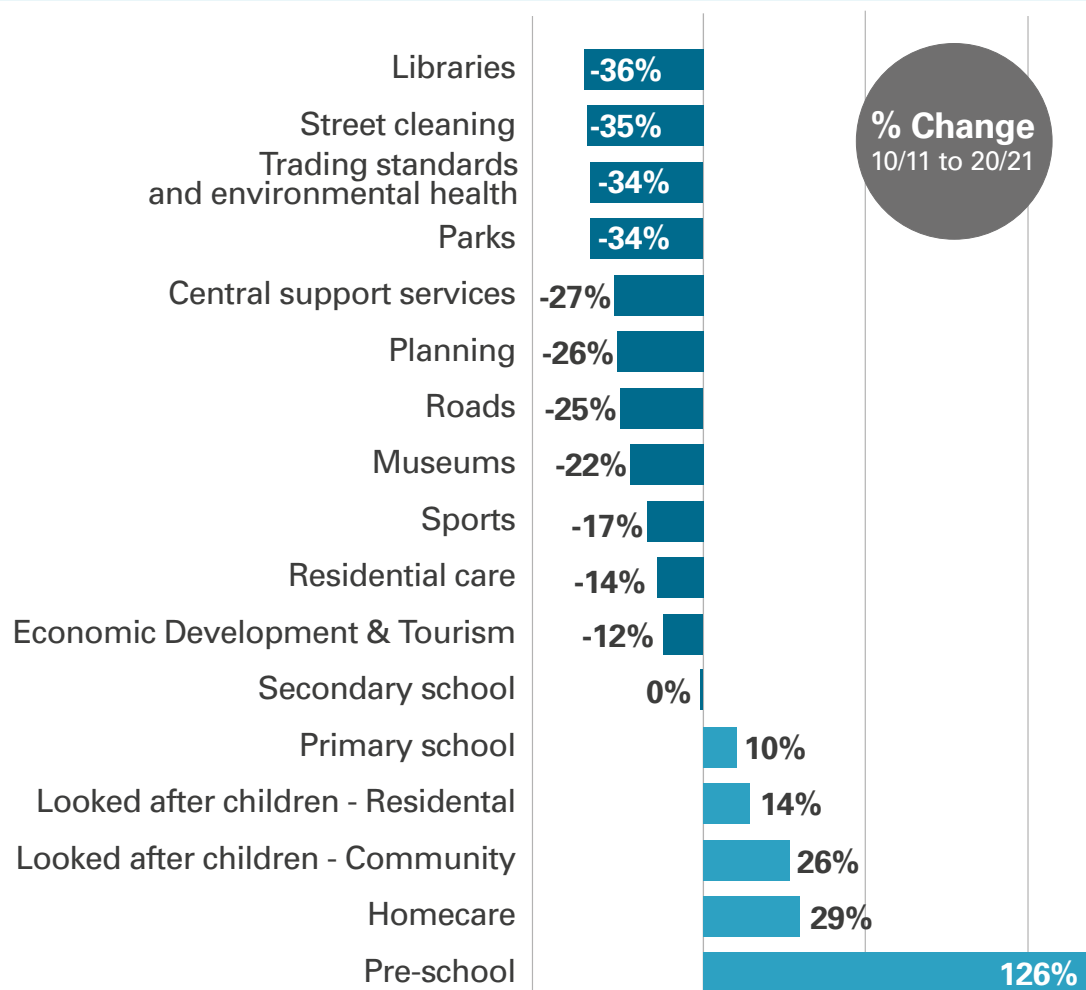
**58.** While ring-fenced funding helps support delivery of key Scottish Government policies, such as expanding early learning and childcare services, it can constrain a proportion of the total funding and resources available to councils and removes local discretion over how these funds can be used.

**59.** [Exhibit 3. \(page 25\)](#) shows the change in revenue expenditure over the longer term 2010/11 to 2020/21 for protected and unprotected service areas. These longer-term spending reductions on areas including environmental services, culture and leisure, and corporate services, have placed these services under pressure as councils respond and recover from Covid-19.



## Exhibit 3.

Percentage change in expenditure (real terms)  
by service from 2010/11 to 2020/21



Source: LGBF 2020/21 data, using Audit Scotland Covid-19 adjusted methodology for calculating real terms (page 7, [Local government in Scotland: Financial overview 2020/21](#) for further detail)

## Covid-19 has impacted on capital projects and volatility in capital funding allocations could affect councils' recovery and investment plans

**60.** Auditors reported that Covid-19 had a significant impact on the delivery of capital projects in 2020/21. Capital project costs increased owing to increases in the cost of raw materials, supply chain delays and inflation associated with delayed contracts. CIPFA Local Government Directors of Finance Section notes that these cost increases have not been matched by an increase in the capital grant received.

**61.** At the same time most councils, 26 in total, reported reduced capital expenditure in 2020/21, with Covid-19 restrictions disrupting construction activity in many instances.

**62.** Capital investment is likely to play a key role in councils' recovery from Covid-19 and in particular address the impact of climate change. The local government estate, comprising buildings and vehicles, will need some modernising to deliver councils' carbon reduction targets and wider investment needed to mitigate and adapt to the impacts of climate change. Funding will need to be in place to support this.

**63.** Our [Local government in Scotland: Financial overview 2020/21](#) report notes that the local government capital settlement in 2021/22 decreased from £0.8 billion in 2020/21 to £0.6 billion, and capital funding received in recent years has been very volatile. Lack of longer-term funding settlements will again impact on councils' investment plans.



# Organising the council: managing the workforce

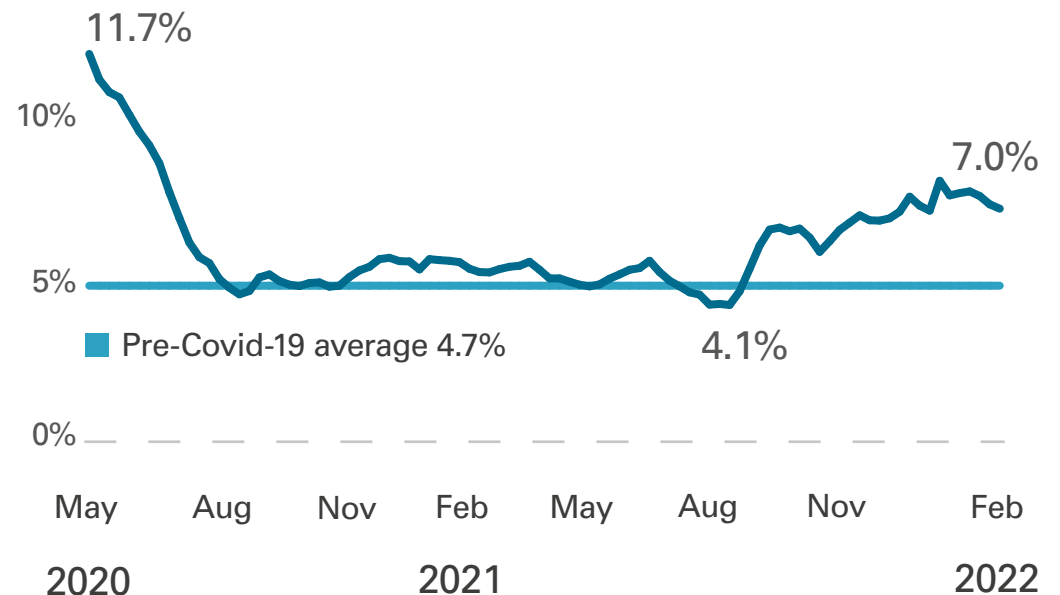
Pressure on the local government workforce continues, with high absence levels, impacts on wellbeing, particularly for front-line workers, and skills shortages in key areas. A resilient workforce is critical to the ongoing response to Covid-19 and the recovery of services. Councils will need to update workforce plans, learn lessons from new ways of working put in place, and provide wellbeing support for their staff.

## The second year of the pandemic continues to have a negative impact on the workforce and staff wellbeing

**64.** Council services are facing high demand, high staff absence levels from new waves of the pandemic and staff burnout from the prolonged response and recovery phase. These impacts have been felt across the workforce but particularly so in front-line community-facing roles. [Exhibit 4.](#) and [Exhibit 5. \(page 27\)](#) show that teaching and education staff absence levels peaked in December 2021 and wider staff absences also rose in the last quarter of 2021.

### Exhibit 4.

Average percentage of council staff absent during the pandemic

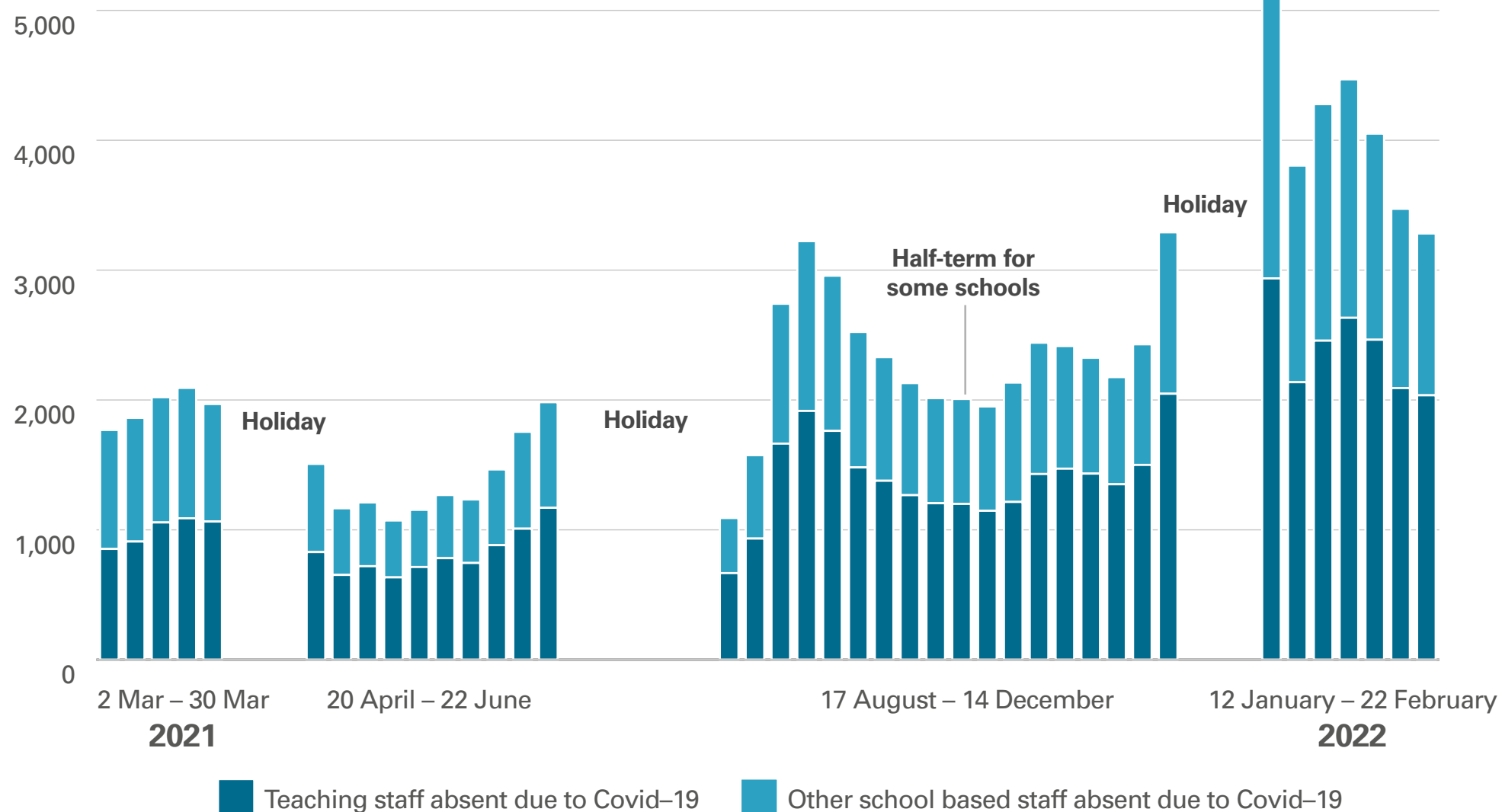


Note: Pre-Covid-19 average is based on 2018/19 data.

Source: Improvement Service

## Exhibit 5.

### Number of school staff absent March 2021 to February 2022



Source: Scottish Government Education Analytical Services

**65.** Staff wellbeing, both physical and mental, has been a prominent theme within recovery plans. Councils are making efforts to understand these issues through staff surveys and other methods, provide confidential support services, and incorporate training for stress and mental health into council training programmes ([Exhibit 6.](#)).

## Exhibit 6.

### Examples of council wellbeing initiatives



Dundee City Council launched a new wellbeing support service and also gives staff access to the intranet on their own devices.



Clackmannanshire Council integrated training on stress and mental health into its corporate training calendar to increase awareness.



Argyll and Bute Council launched 'Wellbeing Wednesday'.

Source: Audit Scotland using information from councils

## Councils are facing skills shortages and recruitment difficulties in key areas

**66.** Covid-19, combined with Brexit, is exacerbating skills shortages, many of which were pre-existing ([Exhibit 7., page 29](#)). Covid-19 has had a particular impact on facilities management services because of the increased need for cleaners and a tighter labour market. HGV (Heavy Goods Vehicle) driver shortages have been affected by Brexit, as councils are unable to compete with private sector wages.

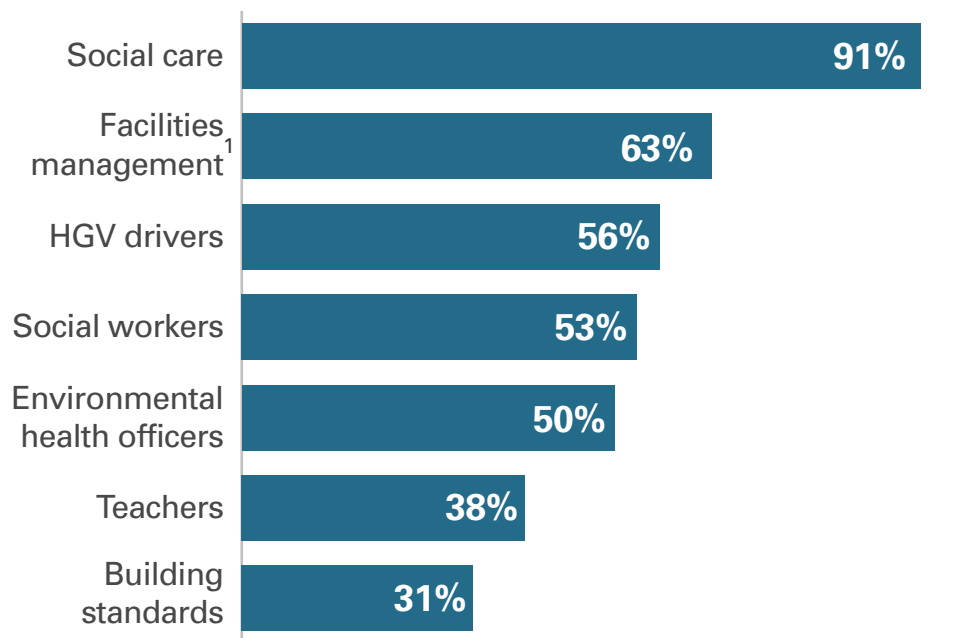
**67.** Social care faces the greatest skills shortages. Our [Social Care briefing](#) highlighted the considerable vacancy and recruitment problems facing the sector, with poor terms and conditions contributing to these issues. See [Exhibit 9. \(page 35\)](#) for further details.

**68.** Councils are changing their recruitment strategies in the face of these shortages, with more marketing, use of social media and local employability initiatives. The Scottish Government established a Fair Work in Social Care Group, in partnership with COSLA, which includes representation from local government, private sector provider groups, third sector, and trade unions. Since summer 2020 the group has been working to develop and implement recommendations regarding improving pay, terms and conditions, and effective employee voice for the social care workforce.

**69.** Councils are also seeing an increase in retirement and flexible working contributing to the skills shortage. Fifty-six per cent of councils report difficulties in recruiting to senior posts and leadership positions. Succession planning is important in this context.<sup>19</sup>

## Exhibit 7.

### Percentage of councils reporting skills shortage by occupation



Note: Facilities management includes catering and cleaning

Source: Society of Personnel and Development Scotland

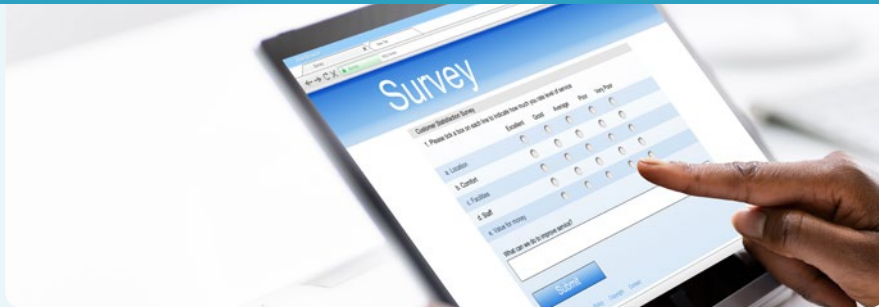
## Councils have adopted new ways of working

**70.** Councils have shown considerable flexibility in redeploying staff to areas of greatest priority and demand and in adopting remote and hybrid working. The shift to home working brought about by the pandemic is likely to have a longer-term impact on how councils work. Wider evidence shows that it can bring benefits for both employers and staff, but individual circumstances should be considered.<sup>[20](#)</sup>

**71.** Councils are considering how hybrid working can support their ambitions for a more flexible and adaptable workforce in future. For it to work well, councils need to provide staff with a wide range of support, including health and wellbeing support, a supportive workplace and management culture, and appropriate technology and equipment. The diverse roles in councils mean that not all staff can work remotely. It will be important for councils to continue to consult and engage with their employees, learn lessons from what has been done to date, and test new models of working as they move forward.

## Case study 3

### City of Edinburgh Council



**The City of Edinburgh Council developed a new work strategy after receiving feedback from 6,400 employees via two surveys conducted in 2020. The surveys asked employees how the pandemic has changed the way they work and how they would like to work in the future. The responses made it clear that staff want to retain a more flexible approach to work in future.**

‘Our Future Work Strategy’ outlines three trials to explore new ways of working. Two of the trials are about adapting current office space to best fit a future of hybrid working. The third trial is of a longer-term plan to develop local offices that would enable staff to work close to where they live, reducing the need for commuting. The council believes that investing in local working and following the principle of ‘20-minute neighbourhoods’ will contribute to reducing emissions locally, and so help Edinburgh achieve its target of becoming a net-zero city by 2030.

Source: Audit Scotland using information from City of Edinburgh Council

## The pandemic has made workforce planning both more difficult and more necessary

**72.** Workforce planning is developing in councils. Some have plans that are linked to wider strategic plans as well as individual service plans, while other councils’ workforce plans are more limited.

**73.** As a result of the pandemic, councils have had to respond to short-term pressures, but they need to plan for longer-term resilience in the workforce. Some councils have started to update their plans to reflect more flexible and remote ways of working and to focus on wellbeing.

**74.** There are common recruitment pressures across councils, as detailed above, but these are changing more frequently as the pandemic affects the wider labour market. Some councils are ‘growing their own talent’ by improving modern apprenticeship programmes and creating new internal recruitment and movement of staff across the council or new talent programmes.

**75.** Councils report that they lack resources to support workforce planning and are collaborating and sharing practice to make improvements.<sup>21</sup> Joint working through the Improvement Service and the Society for Personnel and Development Scotland is allowing common challenges and practice to be shared. The Improvement Service has provided tools for councils to develop workforce plans.<sup>22</sup> It is vital for councils to share lessons learned and to use them to inform their revised plans.

# Organising the council: recommendations

## Actions for leadership



- Councils together with their partners and communities should revise their strategic plans, including Local Outcomes Improvement Plans to realign priorities and provide a roadmap for recovery and renewal. They should also consider how this contributes to the national recovery strategy set out by the Scottish Government.
- Elected members and senior managers need to work together to drive change, make decisions and deliver recovery and renewal.
- Councils should consider the leadership skills needed for now and in future. This includes clear succession planning arrangements and a structured programme of induction for new elected members.
- Councils' governance arrangements should ensure that their elected members have sufficient information to support the scrutiny and decision-making needed for recovery and renewal.
- Councils need to clearly set out how they are evaluating new service models and learning lessons from the response to Covid-19.
- Councils should have a clear plan for developing the use of data in their councils, this includes data skills, data standards and data tools.
- Councils must ensure that financial plans and overarching recovery strategies and actions are clearly aligned, including funding to deliver on their duty to address inequalities.
- Councils must have clear plans for management of reserves.
- Councils should update their workforce plans to build on lessons learned, address skills gaps and build a resilient workforce for the future. This will include monitoring the wellbeing of the workforce, and the effectiveness of health and wellbeing initiatives.



# Meeting local needs: impact of Covid-19 on services and inequality

Covid-19 continues to disrupt council services, and those already experiencing inequality have felt the impacts of both the pandemic and service disruption most strongly. As councils focus their efforts on addressing these unequal harms, they need better local data and community engagement.

## **The Covid-19 pandemic continues to affect council service delivery, but a lack of clarity on demand, unmet need, and service backlogs makes the full extent of the effect unclear**

**76.** Councils are still early in recovery, having moved on from the initial emergency response and operating under lockdowns. They report that the second year of the pandemic has been more difficult than the first. Ongoing restrictions, Covid-19-related staff absences and the non-linear nature and uncertainty of the pandemic, for example the emergence of the Omicron variant, mean that councils still need to adapt service provision and many services are disrupted.

**77.** The picture of service disruption is incomplete. A lack of up-to-date publicly available data makes it difficult to assess the extent to which council activities have returned to pre-pandemic levels, the level of demand for services and levels of unmet need.

**78.** Disruption has continued in those services we reported as most affected last year: education, social care, and culture and leisure. [Exhibits 8, 9 and 10 \(pages 34-36\)](#) provide more detail.

**79.** Alongside continued disruption, councils are also having to manage new pressures across services:

- from backlogs due to paused activity in the first year of the pandemic, such as repairs to roads and housing
- from an increase in demand, for example administering support grants, assisting with testing and vaccinations and in environmental health and trading standards. Increased levels of financial hardship are driving an increase in applications for discretionary housing payments and other support grants.

An inability to clear backlogs and meet new demands is a risk to wider recovery.



**80.** Public tolerance of service disruption and backlogs is declining, and communities have expressed their frustration in some cases. Councils are having to balance a growing expectation that services should be back to normal while still adhering to Covid-19 guidelines and facing absences that limit their capacity to deliver.

**Councils have worked hard and adapted to maintain delivery of key services. Digital delivery has expanded but brings with it the risk – for some – of increased digital exclusion**

**81.** As we found in our [Digital progress in local government report](#), the pandemic has brought about a change in the way in which many council services are delivered. Councils have expanded their digital service provision, to replace temporarily unavailable services, to respond to new needs, or to provide an alternative means of accessing services. Councils have introduced online booking systems for services such as recycling, created online learning hubs for parents and carers to support children's learning, and developed more digital resources from libraries and leisure services.

**82.** The rapid shift to digital delivery allowed services to be delivered rather than stopped. It also highlighted how unequal access to the internet, devices and skills leaves those most disadvantaged without the same opportunities to learn, access services and remain socially connected as others.<sup>[23](#)</sup>

**The extent to which councils have assessed and can evidence the impact that Covid-19 related service changes and disruption have had on different groups and citizens in their local areas is unclear**

**83.** Changes in service provision have offered an opportunity to learn lessons about how services are delivered in the future. But it is not clear that councils have carried out equality impact assessments or community consultation where they have made changes or plan to continue changes made to service delivery during the pandemic.

# Exhibit 8.

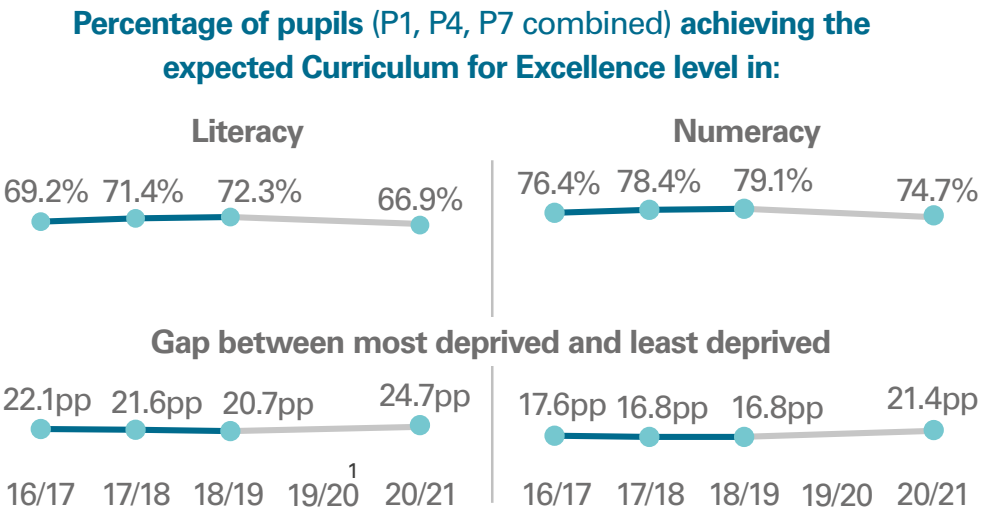
## Education services continued to be disrupted throughout the second year of the pandemic

### Disruption included:

- infection control measures in place, including masks, increased ventilation, ‘bubbles’ to limit contact and restrictions on school visitors
- the cancellation of S4-6 exams, which were again replaced by teacher assessment
- high levels of Covid-19-related pupil and staff absences ([Exhibit 5., page 27](#)) which made it hard for schools to offer continuity and stability to pupils.

### Emerging data is now evidencing the adverse effect the pandemic has had on children and young people:

Educational attainment data is only available for primary school pupils. Attainment has fallen in both literacy and numeracy and more so for those pupils in the most deprived areas, meaning that the attainment gap has widened. For example, the attainment gap in literacy has increased from 22.1 to 24.7 percentage points.



We talk more about the negative impact the pandemic has had on children and young people’s social and wellbeing, including on their mental health, in [paragraph 86](#).

### Risks and challenges

The pandemic has affected the comparability of education data for 2019/20 and 2020/21 when S4-6 exams were replaced with teacher assessed grades. Our joint report, [Improving outcomes for young people through school education](#), noted the difficulties and risk this could cause for councils in assessing and acting on the poverty related attainment gap.

Restrictions on school visitors have limited access for vital voluntary sector support services, including preventative youth work: 34 per cent of organisations that want access to school facilities do not have it. This has a particular impact on those with additional support needs, who need alternative supportive environments outside school.

Note 1. No data available for 2019/20  
Source: See endnote [24](#)

## Exhibit 9.

### The pandemic has exacerbated ongoing challenges in social care

Our [Social care briefing](#) outlined the immense pressure the social care sector is facing. The pandemic has exacerbated the long-standing staffing challenges, compounded by Brexit. This has increased workloads, leading to staff burnout and high sickness absence levels, and risks limiting the capacity to provide good quality, consistent care to citizens.

#### There is evidence of ongoing disruption with:

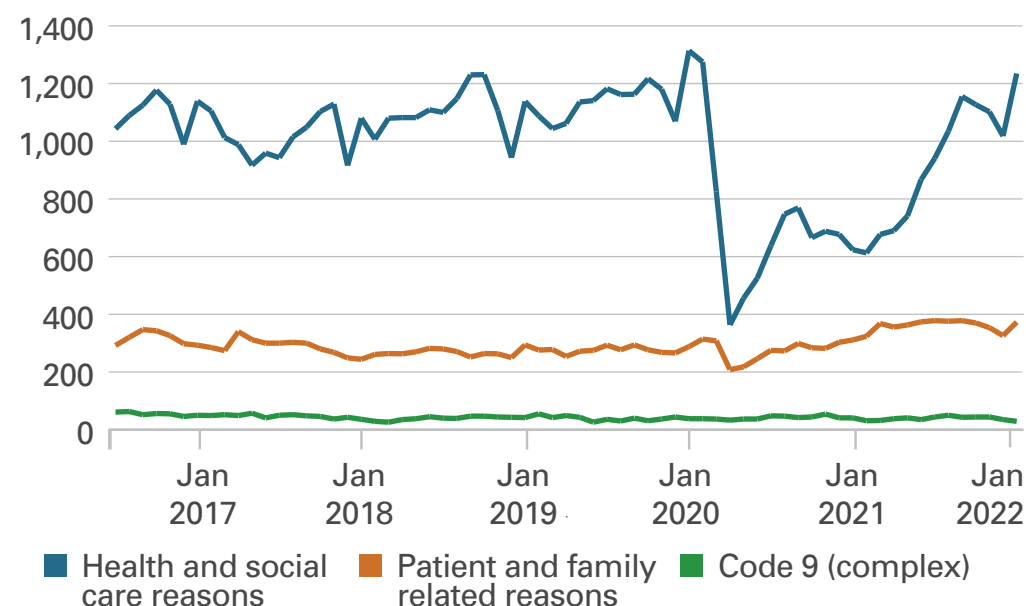
- reductions in home care packages because of staff shortages and tighter eligibility criteria for accessing care being applied to manage demand
- many day centres and respite services still closed.

Unmet demand puts additional pressure on unpaid carers, who are reporting increased feelings of anxiety, depression, and mental exhaustion.

Delayed discharges dropped significantly early in the pandemic, because of a marked reduction in non-Covid-19 related admissions along with a focused effort to get people out of hospital as quickly as possible. Delayed discharges returned to pre-pandemic levels in September 2021 and remain high reflecting the continued pressure in the system.

During strict restrictions, a rapid shift to digital tools allowed some staff to work in more flexible ways and to provide some services remotely including some online assessments and triage, and support and wellbeing check-ins through technology enabled care.

#### Delayed discharge Census by Delay Reason



#### Risks and challenges

The Scottish Government is planning significant reform of social care over the next five years ([paragraph 10](#)) but, as we state in our social care briefing, action is needed now to address critical issues and better meet the needs of people relying on care and support.

The ongoing disruption means that unmet demand continues, and older people, and adults and children with disabilities face a reduction in or

complete withdrawal of care and support in the home. The Scottish Human Rights Commission has expressed significant concern that this affects the human rights of these individuals. It highlighted the need to invest in a social care system, based on human rights, that meets people's needs and improves outcomes.

Source: See endnote<sup>25</sup>

## Exhibit 10.

### Public library services continue to be disrupted following Covid-19 restrictions

Libraries could fully reopen in April 2021 with some social distancing measures in place. However, most library services were still operating a reduced service in early 2022, compared to pre-pandemic. During lockdown many councils adapted and found innovative ways to deliver library services to continue to support their communities. Librarians across councils shared ideas.



#### Examples of innovative service adaptations include:

- enhanced digital offer; click and collect and home delivery services; bespoke book selection; digital story-telling; online book groups and contact calls to socially isolated elderly users.



Research found that engagement with library services had a positive impact on wellbeing and building community connectedness.

#### Not all councils give reasons for continued reduced hours. Those that do cite:

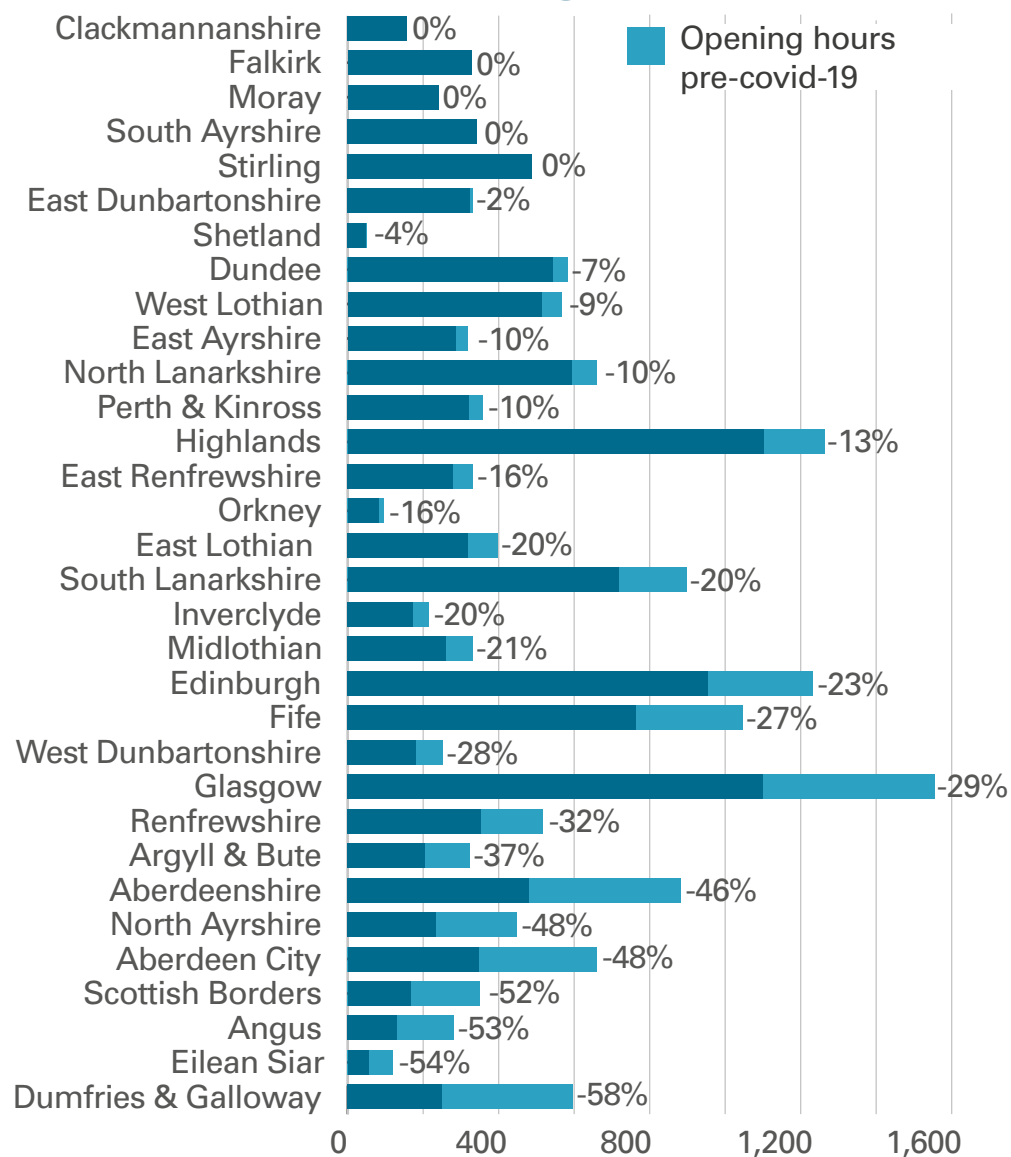
- staffing issues including high sickness absence or redeployment
- access issues such as the building being used for covid-19 testing, restricted access arising from sharing space with schools or buildings undergoing refurbishment.

#### Change in total library opening hours, pre-covid-19 and at end Feb 2022



Opening hours at end of February 2022

Opening hours pre-covid-19



## Exhibit 10. (continued)

### Risks and challenges

Library services have faced declining investment. The ten years since 2010/11 saw a 29 per cent reduction in spend, yet the same period saw a 42 per cent growth in visit numbers (physical and virtual visits).

Some councils have plans to increase opening hours further. Other councils were already reducing hours and the level of service before the pandemic, and they have faced the most significant issues in recovering.

Library closures have shone a light on the extent of digital exclusion. It is not clear that councils have fully assessed the impacts of closures and reduced hours on communities and groups. And while the digital offer will shape the future of library services, research shows the buildings are vital as a safe, accessible, free, trusted and communal space in communities.

Source: See endnote<sup>26</sup>

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## **The impact of the pandemic and service disruption has been felt most strongly by those communities and citizens already experiencing inequalities**

**84.** A substantial and growing body of evidence, mostly from research at a national level on the ‘four harms of Covid-19’ – the direct impacts of Covid-19, other health impacts, societal impacts and economic impacts – shows that particular groups have been most affected. For example:

- People with disabilities have faced increased clinical risk from Covid-19 as well as disruption to care services and social connections.
- Minority ethnic communities have faced high clinical risk from Covid-19 and increased risk of social and economic harm as a result of pre-existing inequalities in employment, income and opportunity.
- Those on low incomes and living in the most deprived communities have faced worsening social and economic inequalities, including digital exclusion, lower educational attainment and increased financial hardship.
- Older people have faced increased clinical risk from Covid-19 and are more likely to have experienced disruption to care services and social connections.

- Women have been disproportionately affected both economically and socially because of the increased childcare burden and because they are more likely to be front-line workers and have lower pay and insecure jobs.

**85.** For some, inequalities have worsened. Others are experiencing inequalities for the first time. Those with intersectional characteristics, that is people who fall into more than one group, and therefore experience several disadvantages at the same time, have suffered the most severe impacts. Councils’ recovery and renewal efforts need to take account of worsening, new and overlapping disadvantage.

**86.** Mounting evidence suggests that the pandemic has had severe social and wellbeing impacts on children and young people. This includes developmental delays seen in the very youngest because of increased social isolation, worsening mental health, a fall in educational attainment, and young people’s increasing concerns about their job prospects. Evidence also suggests that more children are presenting with additional support needs or behavioural issues and that these children are not always able to access services and get the support they need because of a lack of staff capacity. The impacts are greatest for children and young people in vulnerable groups and living in poverty.

**87.** Ongoing disruption to council services has meant that those most in need of support are still experiencing that unequal impact.

## While councils recognise the disproportionate impact the pandemic has had on different groups, they need to learn lessons from taking early action and assess the impact of service disruption to address longer-term impacts

**88.** Early in the pandemic there was a huge collective effort to support the most vulnerable, with more collaborative working at a local level, a coordinated response with the voluntary sector and more place-based and holistic approaches. As we highlighted in our 2021 report, councils targeted their responses to support the most vulnerable. This included supporting families and children living in poverty through the provision of free school meals, distribution of digital devices, community food initiatives, fuel poverty and period poverty initiatives, action to prevent homelessness and eliminate rough sleeping, and online events and programmes to support mental health and wellbeing.

**89.** As we move into the recovery phase, some evidence suggests that councils are putting in place services to mitigate the impacts of the pandemic on the groups most affected by:

- supporting employment and improving economic prospects for women, minority ethnic groups and disabled people
- improving routes to employment and training for young people
- doing more to address the social isolation of older people and people with disabilities.

## Some councils are using lessons learned from the pandemic to improve how they tackle vulnerability and inequality

**90.** The collaborative place-based approaches, cross-council working and community engagement that enabled the early response is informing

new ways of tackling poverty and vulnerability. Several councils have since adopted or adapted these service models to put in place a more holistic approach to tackling inequality. ([Case study 4](#))

### Case study 4

## Dumfries and Galloway Council



**In response to the pandemic four locality hubs were established in Dumfries and Galloway to coordinate partner and volunteer activity at the local level. Since then, the four hubs have developed to become the recognised model for local community planning in Dumfries and Galloway.**

Another model that evolved from the council's pandemic response is the 'single access to services' model, known as the single access point. This brings together different council services and partner agencies in one multi-agency team to ensure an efficient, clear and streamlined approach to assist those who are vulnerable. The single access point model will continue to evolve and the council is reviewing other opportunities to develop this approach.

Source: Audit Scotland using information from Dumfries and Galloway Council



## Data is a key tool in tackling inequality but there are gaps in equality data, particularly at a local level

**91.** While councils recognise the disproportionate impact of the pandemic on different groups, it is less clear how councils have assessed how their changes in the way services are delivered, and the pandemic more widely, have affected those most in need in their area.

**92.** There is still a lack of data and evidence at local level that would allow councils to fully understand the adverse impacts of the pandemic on different groups within their area and inform local plans. Most council recovery plans and reports on mainstreaming equality cite national report findings or increases in measures such as housing applications, unemployment or complex case work, rather than local equality data.

**93.** This problem is not unique to local government, and the Scottish Government's Equality Data Improvement Programme is working to improve equality data, in particular data on overlapping inequalities, ie intersectionality.

**94.** Some councils have used data well to understand the impacts of the pandemic on specific groups and the emerging needs.

[\(Case study 5\)](#)

### Case study 5

## Glasgow City Council



**Before the pandemic Glasgow City Council had been gathering detailed data to enable it to better understand the extent of child poverty in the city. The Council's Centre for Civic Innovation (CCI) took a 'deep dive' into the data the council holds on recipients of Housing Benefit and Council Tax reductions, as well data on kinship care and education benefits. This work meant that the council was able to measure the levels of relative child poverty before the pandemic and in the middle of it.**

The research found that in December 2020 at least 26 per cent of children in Glasgow were living in relative poverty compared with 24 per cent in February 2020. This equates to at least 2,510 more children living in poverty and 27,995 children overall. This data profiling and analysis is unique to Glasgow, and it provides a detailed 'snapshot' of families that will help the council to map and understand the impact of interventions to reduce child poverty.

Source: Audit Scotland using information from Glasgow City Council





# Meeting local needs: collaboration and communities

The early response phase showed what could be achieved by working closely with communities and the voluntary sector. This momentum may be lost if they are not involved in shaping recovery.

## Collaboration has enabled new relationships and more effective ways of working but communities and local partners need to be more involved in recovery

**95.** Our report [Local government in Scotland: Overview 2021](#) showed how communities and the voluntary sector were a vital asset in the response phase. Collaborative working enabled vulnerable citizens most in need to be speedily supported through initiatives such as community hubs.

**96.** In October 2021, Audit Scotland published [Community empowerment: Covid-19 update](#), bringing 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. The briefing outlines key learning points under the five principles for community empowerment: community control, leadership on community empowerment, effective relationships, improving outcomes and accountability.

**97.** Assistance was most effectively provided in areas where local engagement and collaboration with local groups was already established before the pandemic. Greater flexibility, trusting relationships, relaxation of bureaucracy and autonomy in decision making enabled the public sector to work with communities and voluntary organisations and deploy support quickly. [\(Case study 6\)](#)

### Case study 6

#### Fife Council



**Fife Council introduced multi-disciplinary teams to respond to the pandemic. Teams composed of council staff and partners worked well together to respond quickly and effectively to meet the needs of Fife residents. The council is focused on learning from the success of these groups as it aims to 'build back better' and renew its public services. Reforming how it works collaboratively with partners and communities and focusing on people and place is seen as critical to sustaining the sense of common purpose brought about by the pandemic.**

As part of the Plan for Fife, the council has established People and Place Leadership Groups across its seven areas. The council sees these groups as an initial step forward from the team working that evolved during the pandemic response. The council sees these groups as a fundamental part of driving community wealth building as the council aims to create a fairer, more socially just economy.

Source: Audit Scotland using information from Fife Council

## There is limited evidence of direct community input driving recovery actions and more needs to be done

**98.** Some councils are seeking the views and experiences of citizens and communities to inform recovery and learn from their experiences ([Case study 2, page 17](#)) ([Case study 7](#)). But there is limited evidence of direct community input driving recovery actions or meaningfully reshaping services.

**99.** Councils need dialogue and involvement of communities and the voluntary sector in planning service priorities and delivering support to vulnerable groups. More flexible governance and decision-making structures will be needed to make community participation easier.

**100.** Some councils have set up models of co-production. There are examples of joint work with youth councils to develop services for young people.

## Voluntary sector organisations are facing pressures that could threaten their ability to deliver services to vulnerable people who rely on them

**101.** Throughout the pandemic voluntary sector organisations have lost income, while demand for their services has increased. A Scottish Council for Voluntary Organisations (SCVO) report found that 57 per cent of surveyed organisations saw increased demand for their services while almost half faced financial issues, as uncertainty over annual funding makes it difficult to plan for the future.<sup>27</sup>

### Case study 7

## Aberdeenshire Council



**Aberdeenshire Council carried out a community impact assessment (CIA) in the summer of 2020. The CIA included an online survey of the local community asking about the impact of the pandemic and the council's response during its early stages. On reporting the findings, the council acknowledged that there was a need for further engagement and feedback from harder-to-reach, more vulnerable groups.**

The council then engaged with several groups and individuals most likely to be affected negatively by existing inequalities. The final report, *Aberdeenshire Voices on the Pandemic: Same storm, different boats*, includes insight from low-income households, care home residents, the recovery community and New Scots and volunteers.

The themes covered in the report include digital exclusion, access to food, home-schooling challenges and impacts on mental wellbeing. Local voices from Aberdeenshire have also been included in the national report *If Not Now, When?*, published by the Social Renewal Advisory Board in January 2021.

Source: Audit Scotland using information from Aberdeenshire Council

**102.** Organisations providing support to children and young people, from early years to youth work services, are also facing barriers to delivering their services.<sup>28</sup> A lack of staff capacity, increased demand, and lack of access to premises to deliver services (of those voluntary sector organisations wishing to access local authority premises 65 per cent say they have no access) is affecting delivery of a range of services.

**103.** A collaborative, place-based approach has been essential in supporting communities during the pandemic and mitigating the harm caused. Voluntary sector organisations have been a vital component of this, and councils and the Scottish Government need to do more to make sure they can continue to deliver services to those that need them.

### **Councils worked well with their community planning partners in the response phase, but they need clearer plans for the future**

**104.** Councils worked with their partners in planning, sharing data and information, and coordinating the response to the pandemic. Some of this joint working is continuing with community planning partnerships working together to revise their Local Outcomes Improvement Plans to take account of recovery, and this collaborative working should continue.

## Case study 8

### South Ayrshire Council



**South Ayrshire Council worked with partners to provide support to vulnerable communities during the pandemic by creating the Ayrshire Resilience Partnership.**

This group included the Ayrshire councils' chief executives, along with representatives from health, police, and fire services. It established close working relationships with business and local voluntary groups to deliver a range of services and support.

Source: Audit Scotland using information from South Ayrshire Council

# Meeting local needs: recommendations



## Actions for leadership

- While some progress has been made in improving the use of data in decision-making, councils need to have a clear sense of where increased demand and service backlogs exist so that they can identify areas of high risk and direct resources accordingly. This information also needs to be more transparent and publicly available.
- A key priority for councils' recovery and renewal is assessing the impact of the pandemic and service disruption on the most vulnerable and learning from this to inform how they support those most affected and address inequalities. This will need better local data to improve understanding.
- Where councils plan to continue with the changes made to services during the pandemic, they need to conduct impact assessments and consult the community. With the expansion of digital services, councils need to assess and mitigate the impacts of digital exclusion.
- Councils need to ensure that partnership working forged in the pandemic with their communities, partners and the voluntary sector remains in place. They also need to learn what made it work and harness this to transform future engagement. The momentum and energy from communities may be lost if public bodies don't capitalise on what has been achieved.

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# Local government in Scotland

## Overview 2022

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ISBN 978 1 913287 78 8