

Item: 13

Policy and Resources Committee: 19 June 2018.

National Audit Report: Challenges and Performance 2018.

Report by Executive Director of Corporate Services.

1. Purpose of Report

To present the national audit report “Challenges and Performance 2018”, prepared by Audit Scotland.

2. Recommendations

The Committee is invited to note:

2.1.

The national audit report, Challenges and Performance 2018, issued in April 2018 by Audit Scotland, attached as Appendix 1 to this report.

2.2.

The key messages contained within the national audit report, a summary of which is detailed in section 5 of this report.

3. Introduction

The Accounts Commission, the local government spending watchdog, in its “Challenges and performance 2018” report, provides a high-level, independent view of the challenges facing councils and how service performance has been affected.

4. Background

4.1.

The national audit report is primarily for councillors and senior council officers as a source of information and to support them in their complex and demanding roles. It covers three areas:

- Current and future challenges facing councils.
- How councils are responding to these challenges.
- The impact on performance in key service areas and public satisfaction.

4.2.

The 2017 local government elections resulted in the election of many new councillors and changes to the political make-up of some councils. To help councillors, Audit Scotland has also produced a supplement and interactive online toolkit to accompany the national audit report.

4.3.

The supplement includes a scrutiny tool checklist for councillors which has example questions that councillors could ask to help them understand their council's position, scrutinise performance and assist in making difficult decisions. Councillors should feel they fully understand, and are satisfied with, the answers to the questions that are most relevant to them in their role with the council.

4.4.

The interactive online tool contains performance information for individual councils and is designed to allow councillors, officers and members of the public to better understand how their council is performing compared to others.

5. Key messages

The messages highlighted in the national audit report, as summarised, are as follows:

5.1.

Local government in Scotland continues to operate in a complex and changing environment that involves increasing levels of uncertainty. While details of the terms for the UK's withdrawal from the European Union are not yet clear, there will likely be significant and profound implications for our 32 councils. Meanwhile, the Scottish Government remains committed to a significant pace of public sector reform, with some major changes for local government at key stages of implementation. These events are taking place in the overall context of substantial reductions in public spending alongside increasing demand for many local public services.

5.2.

Delivering new ways of working – or transformational change – is now an essential part of the agenda for councils as they respond to these challenges. Delivering savings is becoming increasingly critical, with forecast funding gaps higher than current levels of reserves for some councils. Where councils have properly scoped, resourced and managed their transformational work, they are more likely to successfully deliver sustainable service change. Cohesive, decisive leadership is required that brings officers, councillors and their communities together to address the major challenges councils face.

5.3.

Councils are engaging with the increasingly difficult task of managing the competing priorities of reducing costs and maintaining services for an ageing population. Under current arrangements, some councils can expect to see government funding fall further than others as their total population declines while their older population grows and demand for key services, such as social care, increases. Councils are also implementing significant policy and legislative changes, some of which increase expectations on, or the duties of, councils and many will have additional resource implications. The detail of what these changes will mean is not yet clear in some cases.

5.4.

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

5.5.

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

6. Next steps

6.1.

The challenges outlined in the national audit report are closely related to those highlighted in the recent Best Value Audit Report on Orkney Islands Council and are well understood.

6.2.

The Council has already agreed a Best Value Response Plan to meet the recommendations and these actions will be closely monitored and scrutinised through a combination of the new Council Plan and Service Plans.

7. Human Resource Implications

The human resource challenges associated with workforce planning are well understood and are being planned for by the Council following the recent Best Value Audit Report.

8. Financial Implications

The national audit report outlines the financial challenges that face local authorities in Scotland over the next few years and emphasises the importance of long-term financial planning. This is a matter which has also been highlighted in the Council's Best Value Audit Report and is subject to an action in the new Council delivery plan.

9. Legal Aspects

There are no significant legal implications directly arising from the recommendations contained in this report.

10. Contact Officers

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11. Appendix

Appendix 1 – Audit Scotland national audit report, Challenges and Performances 2018.