

Agenda Item	13
Report No	HC/20/17

## HIGHLAND COUNCIL

**Committee:** Highland Council

**Date:** 29 June 2017

**Report Title:** **Local Government in Scotland – Performance and Challenges 2017**

**Report By:** Depute Chief Executive & Director of Corporate Development  
Director of Finance

### 1. Purpose/Executive Summary

- 1.1 The purpose of this report is to allow members to consider and discuss this national report, published by the Accounts Commission in March 2017. A link to the report is provided here: <http://www.audit-scotland.gov.uk/report/local-government-in-scotland-performance-and-challenges-2017>
- 1.2 The report highlights the important role that councillors have to play in providing effective and strategic leadership, and the importance of their knowledge being up to date and skills refreshed in order to establish strategic priorities, fully assess options for change, and to hold services to account.

### 2. Recommendations

- 2.1 Members are asked to:
- i. Consider the issues raised by this report;
  - ii. Consider actions currently being undertaken by the Highland Council that reflect the recommendations of the Accounts Commission;
  - iii. Consider personal development requirements as a result of the issues raised by this report.

### **3. Discussion**

- 3.1 This report is the “second part” of the Accounts Commission’s overview of local government in Scotland. The “first part”, issued in December 2016, focussed on immediate financial challenges, and issues arising from the audit of accounts for the financial year 2015/16.
- 3.2 This report is intended to be more strategic and focus on the future, linking current challenges with future demand for services, in a context of reducing budgets and demographic pressures.
- 3.3 The report sets out what the Accounts Commission sees as the main challenges for councils, and how councils are responding to these challenges through the use of examples from across Scotland.

### **4. Accounts Commission Key Messages**

- 4.1 Councils have faced significant challenges from a long-term decline in revenue funding and from an ageing and growing population. The scale of these challenges continues to grow. Policy and legislative changes are also placing additional demands on councils and changing how councils work.
- 4.2 Councils are responding to the challenges by continuing to adopt alternative ways of working, reducing the level of service they provide, and reviewing fees and charges. Whilst some councils are making good progress in managing services and delivering savings, others are not. The pace and scale of reform needs to increase in some councils. Despite these challenges, councils’ performance has been maintained or improved.
- 4.3 With reducing budgets and workforces, councils will find delivering improvements increasingly difficult. It is critical, therefore, that they set clear long-term strategies and plans that target effort on priority areas. This includes organisation-wide workforce plans to ensure councils have the capacity to manage change and deliver services going forward.
- 4.4 As highlighted at 1.2, the report places a focus on the role of councillors. As such, throughout the report are a number of suggested messages and questions that councillors should ask. These are particularly relevant for councillors sitting on policy committees and helping to develop the strategic plans of the Council.
- 4.5 The report recognises that a number of councillors are new following the elections in May 2017. Reference is made to two supplements to the report:-
- A self assessment checklist for councillors
  - Good practice supplement

These are helpful documents, and it is suggested that these are important reference documents for councillors to consider their own skills and knowledge, and to assess future training requirements.

- 4.6 The report makes 9 main recommendations:-

Councils should

- Set clear priorities supported by long-term strategies and medium-term plans covering finances, services, performance and workforce;
- Ensure that budgets are clearly linked to their medium-term financial plans and long-term financial strategies;
- Have an organisation-wide workforce plan to ensure the council has the people and skills to manage change and deliver services into the future;
- Ensure workforce data allows thorough analysis of changes to the workforce at an organisation-wide and department level;
- Thoroughly evaluate all options for change and service redesign, including options for investing to save, and monitor the impact of change on council priorities and desired outcomes;
- Support communities to develop their ability to fully participate in setting council priorities and making decisions about service redesign and use of resources;
- Ensure councillors get support to develop the right skills and knowledge to fulfil their complex and evolving roles
- Ensure there is clear public reporting of performance linked to council priorities to help communities gauge improvements and understand reduced performance in lower priority areas;
- Continue to work to understand the reasons for variations in unit costs and performance, and collaborate to identify and adopt good practice from each other

## **5. Highland Council response**

- 5.1 In the main Highland Council has been undertaking many of these recommendations for years. However the report does help form a basis by which to compare current actions and identify key actions for the future.
- 5.2 For a number of years the Council has had a successful budget process covering a rolling three-year period. However over the last two years the Council has reverted to a one-year budget due to uncertainty over the Grant Settlement and the timing of this. A separate report on today's agenda advocates moving to a five year budget strategy linked to the Council's programme.
- 5.3 The Council has, for at least the last two years, prepared Workforce Plans at a service level. Work is currently underway at Executive Leadership Team to review all current and updated plans in order to produce a Council-wide Plan which will align to the Medium Term Financial Plan and enable the Council to agree how it will achieve a managed reduction in its workforce while still ensuring it has the right resources and skilled staff in place to deliver council services.
- 5.4 The Council has been developing its Payroll and Personnel Administration system to develop a much stronger database of employee information, particularly ensuring that information about establishment and sickness are managed appropriately. Due to system issues last year this work was put on hold, however a project group has now been formed to take this work to conclusion.
- 5.5 The Council will be aware that over the last 12 months a Redesign Board was

established to examine all aspects of the Council's services and to make recommendations as to the future direction and structure of Council services. Reports have already been presented to Council and further proposals are expected over the next few months.

- 5.6 As a result of the Redesign process a Lean Programme has now been instigated across the Council and 24 members of staff have been trained to lead reviews, which will identify how waste and duplication can be removed and how service delivery can be achieved more efficiently and effectively.
- 5.7 Over the last 3 years the Council has had a Transformation Programme that has sought to deliver a range of improvements in efficiency and deliver financial savings. This in particular highlights the development of a programme of digital options for service delivery.
- 5.8 The Council has also implemented a number of "Invest to save" projects, has renewed its ICT contracts (including bringing some aspects inhouse), brought grounds maintenance services back inhouse, and has established a shared Commercial and Procurement Service with Aberdeen City and Aberdeenshire Councils.
- 5.9 The Council has now run Participatory Budget sessions in all areas of the Highlands, and has established an enhanced role for Area Committees. As part of its Redesign work the Council has indicated a stronger role for communities in local decisions around Council services and there is a report separately on this agenda regarding this continued commitment to Localism.
- 5.10 The Council publishes a range of performance data. However it needs to make better use of the data in informing decisions around the quality and level of services. This will involve benchmarking with other councils. Some of this work has started through the Redesign Board, and some recent budget decisions have been informed by an analysis of unit costs. This is an area that could be enhanced further however.
- 5.11 The Council has recently run an Induction Programme for new Members and a detailed councillor training programme is also in place to ensure that Members continue to have opportunities for training and development over the duration of this Council. Training and development will reflect the work of all policy and other committees, address the current strategic and statutory issues facing the Council and ensure that Members have the appropriate level of training and knowledge to undertake their roles effectively.

## **6. Implications**

- 6.1 Resource – there are no resource implications

Legal – there are no legal implications

Community (Equality, Poverty and Rural) – there are no community implications

Climate Change/Carbon Clever – there are no specific implications

Risk – there are no specific implications at this stage. However the Council will

be subject to a Best Value Audit over the next 3-5 years, and its approach to financial and service planning will form part of that assessment. Failure to implement the Accounts Commission recommendations may lead to adverse criticism.

Gaelic – there are no gaelic implications

Designation: Depute Chief Executive and Director of Corporate Development;  
Director of Finance

Date: 19 June 2017

Authors: Michelle Morris and Derek Yule

Background Papers:

Accounts Commission publications:-

- Local Government in Scotland: Financial Overview 2015/16
- A Self Assessment Checklist for Councillors
- Good Practice Supplement