The Accounts Commission for Scotland

Agenda

Meeting on Thursday 12 February 2015
in the offices of Audit Scotland, 18 George Street, Edinburgh

The meeting will begin at 10.15am

1. **Apologies for absence.**

2. **Declarations of interest.**

3. **Decisions on taking business in private:** The Commission will consider whether to take items 10 to 16 in private.

4. **Minutes of meeting of 15 January 2015.**

5. **Update report by the Secretary to the Accounts Commission:** The Commission will consider a report by the Secretary to the Commission on significant recent activity in relation to local government.

6. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit providing an update on his recent activity.

7. **Local government benchmarking framework: National benchmarking overview report:** The Commission will consider a report by the Secretary to the Commission.

8. **Smith Commission update:** The Commission will consider a report by the Assistant Auditor General.

9. **Commission committee business:** The Commission will consider a report by the Secretary to the Commission

The following items are proposed to be considered in private:

10. **Draft report – Local government overview:** The Commission will consider a report by the Director of Performance Audit and Best Value.

11. **Performance audit: draft report – Borrowing and treasury management:** The Commission will consider a report by the Director of Performance Audit and Best Value.

12. **For information: performance audit: draft report – Superfast broadband for Scotland – a progress report:** The Commission will consider a report by the Director of Performance Audit and Best Value.

13. **Audit fees and funding arrangements:** The Commission will consider a presentation by the Assistant Auditor General.

14. **Audit Scotland matters:** The Commission will consider a verbal report from the Chief Operating Officer, Audit Scotland:

    (a) Edinburgh office relocation

    (b) Best Companies survey

15. **Commission extranet site:** The Commission will consider a presentation by the Information Services Manager, Audit Scotland.

16. **Commission business matters:** The Commission will discuss matters of interest.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of the Commission of 15 January 2015	AC.2015.2.1
Agenda Item 5: Report by Secretary to the Commission	AC.2015.2.2
Agenda Item 7: Report by Secretary to the Commission	AC.2015.2.3
Agenda Item 8: Report by Assistant Auditor General	AC.2015.2.4
Agenda Item 9: Report by Secretary to the Commission	AC.2015.2.5
Agenda Item 10: Report by Director of Performance Audit and Best Value	AC.2015.2.6
Agenda Item 11: Report by Director of Performance Audit and Best Value	AC.2015.2.7
Agenda Item 12: Report by Director of Performance Audit and Best Value	AC.2015.2.8

ACCOUNTS COMMISSION

MEETING 12 FEBRUARY 2015

MINUTES OF PREVIOUS MEETING

Minutes of the meeting of the Accounts Commission held in the offices of Audit Scotland at 18 George Street, Edinburgh, on Thursday, 15 January 2015, at 10.15am

PRESENT: Douglas Sinclair (Chair)
                Ronnie Hinds (Deputy Chair)
                Alan Campbell
                Sandy Cumming
                Colin Duncan
                Tim McKay
                Christine May
                Stephen Moore
                Linda Pollock
                Colin Peebles
                Graham Sharp
                Pauline Weetman

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
                Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
                Antony Clark, Assistant Director, PABV [Item 7]
                Angela Cullen, Assistant Director, PABV [Item 10]
                Agata Maslowska, Performance Auditor, PABV [Item 8]
                Tricia Meldrum, Senior Manager, PABV [Item 10]
                Michael Oliphant, Project Manager, PABV [Item 10]
                Liz Ribchester, Senior Performance Auditor, PABV [Item 10]
                Kathrine Sibbald, Senior Manager, PABV [Item 8]
                Peter Worsdale, Project Manager, PABV [Item 8]

Item No   Subject

1.   Apologies for absence
2.   Declarations of interest
3.   Decisions on taking business in private
4.   Minutes of meeting of 11 December 2014
5.   Update report by the Secretary to the Commission
6.   Update report by the Controller of Audit
7.   Scrutiny improvement - update
8.   Briefing: Arm's length external organisations [in private]
9.   Performance audit: draft report – Borrowing and treasury management [in private]
10.   Performance audit; draft report – Commonwealth Games (third report) [in private]
11.   Controller of Audit engagement activities [in private]
12.   Commission business matters [in private]

1. <u>Apologies for absence</u>

   There were no apologies.

2. <u>Declarations of interest</u>

   The following declarations of interest were made:

   - Christine May, in item 8, as Vice-Chair of Fife Cultural Trust. She played no part in the consideration of the said item.

   - Linda Pollock, in item 7, as a member of the board of the Care Inspectorate

3. <u>Decisions on taking business in private</u>

   It was agreed that items 8 to 12 should be taken in private as they contained draft reports and confidential issues.

4. <u>Minutes of meeting of 11 December 2014</u>

   The minutes of the meeting of 11 December 2014 were submitted and approved, subject to.

   - In relation to item 4 (minutes of meeting of 13 November 2014), noting advice from the Secretary that Tim McKay played no part in consideration of the report by the Controller of Audit on City of Edinburgh Council.

   - In relation to item 13 (statutory performance information), noting advice from the Chair that he would further investigate discussions between the Scottish Government and the Local Government Benchmarking Framework in relation to data management.

5. <u>Update report by the Secretary to the Accounts Commission</u>

   The Commission considered a report by the Secretary to the Commission providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

   During discussion the Commission:

   - noted advice from the Secretary that:

     o in relation to paragraph 15 (meeting with Alex Neil MSP and Marco Biagi MSP), the Chair had extended an invitation to Mr Neil to be the Commission's guest at the annual strategy seminar, to Mr Biagi to attend a meeting of the Commission.

     o He would circulate details of the Finance Committee's first report of 2015, published on 12 January, on the Scottish Government draft budget, particularly in relation to its comments on the Reshaping Care for Older People Change Fund.

     o He would provide further information at the next meeting on the progress of the Community Empowerment Bill.

     o He would consider how best to report progress in relation to the report of the Smith Commission.

   Thereafter the Commission agreed to note the report.

6. <u>Update report by the Controller of Audit</u>

The Controller of Audit provided a verbal update on his recent activity including meetings and discussions with stakeholders, which was noted.

7. <u>Scrutiny improvement - update</u>

The Commission considered a report by the Director of Performance Audit and Best Value, providing an overview of the Strategic Scrutiny Group's recent work and outlining the Group's revised Terms of Reference and Work Programme for 2014/15.

During consideration, the Commission agreed:

- To note the revised Terms of Reference for the Strategic Scrutiny Group.

- To note the Strategic Scrutiny Group's work programme 2014/15.

- To note the implications for the work of the Accounts Commission.

8. <u>Briefing: Arm's length external organisations</u> *[in private]*

The Commission agreed that this item be held in private to allow it to consider how to proceed in relation to a report by the Director of Performance Audit and Best Value.

The Commission considered a report by the Secretary to the Commission introducing a briefing by Director of Performance Audit and Best Value on arm's length external organisations (ALEOs).

Following discussion, the Commission agreed:

- To note advice from the Director that the Office of the Scottish Charity Regulator (OSCR) published on 9 January the report of its review of the ALEOs registered as charities in Scotland, and that this had no significant material effect on his briefing.

- To note the Director's briefing.

- To undertake the following actions:

  o As a priority, send a letter to councils encouraging them to apply good practice more consistently across ALEOs highlighting the importance of strong governance for ALEOs particularly around minimising potential conflicts of interest, ensuring regular and proportionate monitoring, and including clauses for review and termination in funding agreements.

  o Send a guidance note to external auditors of councils to assist in their audit of councils' governance and funding arrangements with ALEOs, drawing particular attention to the practical guidance in the *Following the Public Pound* code.

  o Undertakes, by Autumn 2015, a review of the *Following the Public Pound* code in conjunction with an update of the definition of ALEOs to assist councils to apply the principles of good governance to the funding arrangements for ALEOs and similar bodies.

o   Promote a stronger consideration of ALEOs in scrutiny work, particularly through Shared Risk Assessment work and the development of the refreshed arrangements for auditing Best Value.

o   Support training and information events for the local government community, for example seminars and conferences involving Audit Scotland, OSCR, COSLA and the Improvement Service, including reference to, as appropriate, the Commission report in its *How Councils Work* series on ALEOs.

- That the Secretary and Director discuss a detailed timeline for these actions and advise the Commission accordingly.

- To engage with COSLA and the Scottish Government on its decision.

- Similarly, to engage with the Society of Local Authority Lawyers and Administrators in Scotland (SOLAR).

9.   Performance audit: draft report – Borrowing and treasury management *[in private]*

The Commission noted advice from the Secretary to the Commission that the draft report of the performance audit on Borrowing and treasury management had been deferred to the next meeting.

10.   Performance audit: draft report – Commonwealth Games (third report) *[in private]*

The Commission agreed that this item be held in private to allow it to consider a draft report.

The Commission considered a report by the Director of Performance Audit and Best Value seeking approval of the draft joint performance audit report *Commonwealth Games: third report*, in conjunction with the Auditor General, and outlining ways of promoting the messages contained in the report.

Following discussion, the Commission agreed:

- To engage with councils in relation to wider legacy issues associated with the Games.

- To engage with the Auditor General of Queensland on the report, given possible interest in the successor Games in the Gold Coast.

- To approve the draft report, made jointly with the Auditor General for Scotland, entitled *Commonwealth Games: third report*, subject to the audit team considering a number of points raised in discussion and consulting further with the sponsors of the performance audit.

Action: Director of Performance Audit

The Chair thanked the audit team for its work.

11.   Controller of Audit engagement activities *[in private]*

The Commission agreed that this item be held in private to allow it to consider confidential issues raised in a presentation by the Controller of Audit.

The Commission noted a presentation from the Controller of Audit on issues arising from his recent engagement with council chief executives.

12.   <u>Commission business matters</u> [*in private*]

The Commission agreed that the Chair's update on Commission business matters be held in private to allow it to discuss issues of a confidential nature relating to the operations of the Commission.

The Chair briefed the Commission on matters of interest.

ACCOUNTS COMMISSION

MEETING 12 FEBRUARY 2015

REPORT BY SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.

2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. Further, detailed news in relation to media coverage of recently published reports and local government activity is provided in the media summaries produced by Audit Scotland's Communications Team following publication or at the appropriate time.

3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Other Commission business

4. As indicated in my report to the Commission's January meeting, members of the Commission will meet representatives of South Ayrshire Council on 3 March 2015 to discuss the recent report of the *Best Value audit* of the council, published on 18 December 2014.

5. Work is progressing on arrangements to mark the fortieth year of the Accounts Commission. I will continue to update the Commission as appropriate.

6. In addition, work has been ongoing to develop the Commission's extranet site. The Commission will receive an update on developments later in the meeting.

Auditor General for Scotland:

7. Auditor General for Scotland Caroline Gardner has been appointed as one of three new non-executive directors of the Public Sector Audit Appointments (PSAA), the transitional body set up by the Local Government Association's to oversee local audit contracts from April 2015 when the Audit Commission winds up at the end of March. Other board members are by Clive Grace, former deputy auditor general for Wales, and solicitor Stephen Sellers, who holds an advisory role with the firm Wragge Lawrence Graham & Co. Former CIPFA chief executive Steve Freer was announced as chair of the PSAA board in October. More information on the PSAA and appointments can be read in the 4 December 2014 edition of Public Finance magazine.

8. On 2 February 2015, the Auditor General gave a presentation at the Public Sector Excellence in Scotland: Continuous Improvement & Best Practice conference. The theme of the conference programme was on exploring best practice and discussing how best to implement, manage and monitor efficiency strategies. The keynote speaker was John Swinney, Deputy First Minister and Cabinet Secretary for Finance, Constitution and Economy.

Audit Scotland:

9. Claire Sweeney, Portfolio Manager, Audit Scotland, gave a presentation at the Ageing Well in Scotland conference, held on 2 February 2015. Her presentation focussed on improving the lives of older people in Scotland. The main theme of the event was on how older people can be empowered and given the opportunity to engage with Scotland's communities on their own terms.

Issues affecting local government

Scottish Government:

10. In a statement on 28 January 2015, Fergus Ewing, Scottish Energy Minister announced a moratorium on granting consents for unconventional oil and gas developments (or fracking) in Scotland while further research and a public consultation is carried out. During the moratorium, the Scottish Government will:

   - Undertake a full public consultation on unconventional oil and gas extraction
   - Commission a full public health impact assessment
   - Conduct further work into strengthen planning guidance
   - Consider further strengthening environmental regulation.

11. A review of out-of-hours primary care and a new approach to unscheduled care were announced by the Health Secretary, Shona Robison on 30 January 2015. The review will consider how best to deliver out-of-hours primary care services in light of the challenges of Scotland's ageing population, and as health and social care services are integrated. The review is expected to provide recommendations by late summer 2015. The new plans for a collaborative approach to unscheduled care across Scotland were developed jointly with the Academy of Royal Colleges, the Royal College of Nursing and other key partners. The proposals aim to ensure a more streamlined approach across the whole NHS system from a patient's first contact with the NHS to their discharge from hospital (if the event of admission) back into the community. Dedicated support teams will help embed best practice and will be in place by spring 2015.

12. On 3 February 2015, the Scottish government published figures for Accident and Emergency waiting times in Scotland. The figures indicate that nine in ten people were seen within four hours between October and December, 2014. In October, November and December of 2014, performance against the four hour target was 91.8 per cent, 91.8 per cent and 89.9 per cent respectively. Across the quarter, an average pf 91 per cent of patients seen at core Emergency Department sites were within the four hour target. This compares to 94 per cent in the previous quarter and is slightly worse than NHS England's performance of 92.6 per cent. NHS Lanarkshire reported the lowest average figure over the period at 85.5 per cent. According to Scottish Government targets, at least 95 per cent of A&E patients should be seen, admitted, transferred or discharged within four hours.

13. Attendances in 2014 were the highest reported in any year since records began. Over the quarter, attendances also increased on last year, with over 9000 more people attending A&E departments. The number of admissions to hospital following an A&E attendance was also at its highest level on record, with 101,488 people admitted over the quarter. Further analysis of the figures is available at BBC Online.

14. On 30 January 2015, the Scottish Government announced plans for a consultation on proposals for primary legislation on the expenses and funding of civil litigation. The proposed Civil Litigation Bill aims to introduce a more affordable and equitable civil justice system. It is intended to implement key aspects of Project 3 of the Scottish Government's "Making Justice Work" Programme by providing sustainable, effective access to justice for both publicly funded and private clients. Views are sought, in particular, from those involved in or considering litigating in the civil courts. Consultation responses will inform the legislation to be presented to Parliament. The deadline for consultation responses is 24 April 2015.

15. On 15 January 2015, it was announced that Sir Peter Housden will leave office as Permanent Secretary to the Scottish Government at the end of June 2015, after five years in the post. The Civil Service Commission is managing the open recruitment process for the new Permanent Secretary.

Scottish Parliament

Parliamentary Committee News:

Local Government and Regeneration Committee:

16. At its meeting of 14 January 2015, the Committee took evidence on the Air Weapons and Licensing (Scotland) Bill. The Committee considered its draft Stage 1 report on the Community Empowerment (Scotland) Bill. It agreed to consider a revised draft, in private, at its next meeting. Also at this meeting, the Committee considered petition PE1538 by Dr Richard Burton on behalf of Accountability Scotland, on Transparency in Scottish Public Service Ombudsman (SPSO) investigations. In light of evidence received from SPSO following its oral evidence session of 7 January 2015, the Committee agreed to close the petition. In addition, the Committee appointed John Wilson to serve as its European Union Reporter.

17. On 21 January 2015, the Committee continued its consideration of the Air Weapons and Licensing (Scotland) Bill at Stage 1. The Committee again considered its draft Stage 1 report on the Community Empowerment (Scotland) Bill in private session. A change was proposed and disagreed to (by division) and the Committee agreed the report for publication. The Committee also agreed not to make any recommendation to the Parliament on the following negative instrument, Freedom of Information (Scotland) Act 2002 (Scottish Public Authorities) Amendment Order 2014 (SSI 2014/354).

18. At its 28 January 2015 meeting, the Committee took further evidence on the Air Weapons and Licensing (Scotland) Bill at Stage 1.

19. The Committee's approach to its scrutiny of the Air Weapons and Licensing (Scotland) Bill at Stage 1 was considered again at its meeting of 4 February 2015. Other business included EU Priorities for 2015, Budget Strategy Phase 2016-17, its approach to the Budget Strategy Phase 2016-17 and its work programme.

20. On 26 January 2015, the Committee published its *2nd Report, 2015 (Session 4): Stage 1 Report on the Community Empowerment (Scotland) Bill*. A key finding is that changes are needed to ensure legislation designed to empower communities fulfils its aims. It concludes that public authorities must be more open to communities setting the agenda, underpinned by support for communities to assist them in using the new powers. The report contains a series of more detailed recommendations. More information on the Committee's investigations and its report are available on Committee's webpage. The Stage 1 debate by the Scottish Parliament on the Community Empowerment (Scotland) Bill took place in the Chamber on Tuesday 3 February 2015. Following the debate, the Parliament agreed to the general principles of the Community Empowerment (Scotland) Bill. It also agreed to Motion S4M-12113, in the name of John Swinney, on the financial resolution on the Community Empowerment (Scotland) Bill, by division. The Bill now proceeds to Stage 2 consideration, the first stage at which MSPs can seek to make amendments to the Bill.

21. The Committee is encouraging feedback from individuals and communities on the Bill and the rights it proposes. To assist people to submit their views the Committee has produced a short video, *Community Empowerment (Scotland) Bill - Influencing Local Services*. It features members of the Usual Place/Inspired Community Enterprise Trust with whom the Committee met during its visit to Dumfries in October 2014.

Public Audit Committee:

22. At its 14 January 2015 meeting, the Committee considered evidence on the Section 23[1] report by the Auditor General for Scotland (AGS), *NHS in Scotland 2013/14*. It took evidence from a number of witnesses including Caroline Gardner, Auditor General for Scotland; Angela Canning, Assistant Director, and Jillian Matthew, Project Manager, Audit Scotland. The Committee agreed to write to the Scottish Government on issues raised in discussion and noted the evidence received. The Committee also considered a further response from the Scottish Government to its report, *NHS financial performance 2012/13 and Management of patients on NHS waiting lists - audit update*. It agreed to write to the Scottish Government on issues raised in discussion.

23. Also at this meeting, the Committee also took evidence on the AGS Section 22[2] report, *The 2013/14 audit of the Scottish Police Authority* from Caroline Gardner, Auditor General for Scotland; Gillian Woolman, Assistant Director, and Mark Roberts, Senior Manager, Audit Scotland. The report was noted. In addition, the Committee considered written submissions from the Scottish Government and the *Scottish Funding Council* regarding the AGS Section 22 report, *The 2012/13 audit of North Glasgow College*. It agreed to write to the Scottish Funding Council on issues raised in discussion.

24. At the same meeting, the Committee selected Paul Martin MSP as its Convener.

25. On 21 January 2015, the Committee considered and agreed its approach to the joint Accounts Commission and Auditor General for Scotland Section 23 report, *Community planning: Turning ambition into action*. Evidence was heard from Caroline Gardner, AGS; Antony Clark, Assistant Director, Best Value, Scrutiny and Improvement, Audit Scotland, as well as representatives of local and national public bodies. The Committee agreed to write to the Local Government and Regeneration Committee on

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[1] The Auditor General for Scotland (AGS) reports to the Public Audit Committee under Section 23 of the Public Finance and Accountability Act on economy, efficiency and effectiveness of public sector bodies (excluding local government).
[2] The Auditor General for Scotland (AGS) reports to the Public Audit Committee under Section 22 of the Public Finance and Accountability Act on the audit of accounts of individual public bodies.

issues raised in discussion. It further agreed to write to the Scottish Government, National Community Planning Group and COSLA to confirm its intention to take evidence from them on Community Planning later in the session.

26. The Committee met at the Highland Council offices, Inverness on 2 February 2015, to take evidence from senior officials of NHS Highland on the AGS report, *The 2013/14 audit of NHS Highland: Financial management*. Fraser McKinlay, Director and Controller of Audit, Angela Canning, Assistant Director, and Stephen Boyle, Assistant Director, Audit Scotland also gave evidence on the report.

Infrastructure and Capital Investment Committee:

27. The main business of the Committee's meeting of 14 January 2015 was to consider and take evidence on the Scottish Housing Regulator's (SHR) annual report 2013-14. The Committee took evidence from Anne Jarvie and Lisa Peebles, SHR board members, and Michael Cameron, SHR chief executive. During the evidence session, they were questioned on various issues including SHR's engagement with RSLs and housing associations. In conclusion, the Convener indicated that the Committee may wish to follow up some of the evidence with the chair of the Scottish Housing Regulator and individual housing associations. The Committee agreed to write to the Scottish Housing Regulator on issues raised in discussion. On 21 January 2015, the Committee heard evidence on a Housing update report and agreed its work programme.

Finance Committee:

28. At its meeting of 14 January 2015, the Committee took evidence on the Community Charge Debt (Scotland) Bill at Stage 1. The Committee also heard evidence from John Swinney, Cabinet Secretary for Finance, Constitution and Economy and Scottish Government officials on the Land and Buildings Transaction Tax (Prescribed Proportions) (Scotland) Order 2014 (SSI 2014/350), the Land and Buildings Transaction Tax (Qualifying Public or Educational Bodies) (Scotland) Regulations 2014 (SSI 2014/351), and the Land and Buildings Transaction Tax (Definition of Charity) (Relevant Territories) (Scotland) Regulations 2014 (SSI 2014/352). The Committee approved the Landfill Tax (Prescribed Landfill Site Activities) Order 2014 (SSI 2014/367).

29. On 21 January 2015, the Committee considered its draft Stage 1 report on the Community Charge Debt (Scotland) Bill and agreed to consider changes to the report by correspondence. The Committee took more evidence on Further Fiscal Devolution.

30. The Committee continued its consideration of Further Fiscal Devolution at its meeting of 28 January 2015. Evidence was heard from John Swinney, Cabinet Secretary for Finance, Constitution and Economy, Scottish Government, Danny Alexander MP, Chief Secretary to the Treasury, UK Government and senior officials.

31. On 4 February 2015, the Committee continued its consideration of the Land and Buildings Transaction Tax (Administration) (Scotland) Regulations 2014 (SSI 2014/375), the Land and Buildings Transaction Tax (Ancillary Provision) (Scotland) Regulations 2014 (SSI 2014/376), the Land and Buildings Transaction Tax (Transitional Provisions) (Scotland) Regulations 2014 (SSI 2014/377), and the Scottish Landfill Tax (Administration) Regulations 2015 (SSI 2015/3). It took evidence from John Swinney, Cabinet Secretary for Finance, Constitution and Economy. The Committee also began taking evidence on Community Charge Debt (Scotland) Bill at Stage 2.

32. On 22 January 2015, the Committee published its *3rd Report, 2015 (Session 4): The Community Charge Debt (Scotland) Bill at Stage 1*. The report supports the principles of the legislation, but also calls for further information regarding the financial information requested from local authorities and the anticipated savings for local authorities as a result of no longer having to collect outstanding Community Charge debts. During its inquiry, the committee received a number of submissions and heard evidence from local authorities, COSLA and the Scottish Government.

Devolution (Further Powers) Committee:

33. At its meeting of 15 January 2015, the committee took evidence from representatives of civic organisations in Scotland on the Smith Agreement. All witnesses were invited to provide any additional written evidence if they wished. It was further agreed that the Convener and the Deputy Convener would meet with the attending witnesses to discuss how civil society and the general public can engage with the Committee as it continues its work of considering draft clauses and any subsequent bill to devolve further powers to the Scottish Parliament. The Committee also agreed Duncan McNeil MSP as its new Deputy Convener.

34. The meeting of 22 January 2015 was a single item agenda to take evidence on the Smith Agreement from representatives of Scottish business organisations.

35. On 5 February 2015, the Committee heard evidence on taxation clauses from academics and representatives of audit bodies and firms. The Committee also considered potential candidates for the posts of adviser.

Bills – Progress Updates:

36. The Community Empowerment (Scotland) Bill was introduced by the John Swinney MSP, Cabinet Secretary, on 11 June 2014. Stage 1 consideration is due to be completed by 6 February 2015. The Local Government and Regeneration Committee is the lead committee.

37. The Community Charge Debt (Scotland) Bill was introduced by John Swinney MSP, Deputy First Minister, on 3 December 2014. The lead committee is the Finance Committee. Stage 1 consideration was completed on 30 January 2015. The Committee's *3rd Report, 2015 (Session 4): The Community Charge Debt (Scotland) Bill at Stage 1* was published on 22 January 2015.

38. Consideration of the Criminal Justice (Scotland) Bill at Stage 2 is continuing – a completion date has not yet been scheduled. Stage 1 consideration was completed on 27 February 2014. The lead committee is the Justice Committee.

39. Consideration of the Government Bill, Air Weapons and Licensing (Scotland) Bill (introduced 14 May 2014) continues. The Local Government and Regeneration Committee is lead committee. Stage 1 consideration is due to be completed by 3 April 2015.

40. The Welfare Funds (Scotland) Bill was introduced by Nicola Sturgeon MSP, Cabinet Secretary, on 10 June 2014. The lead committee is the Welfare Reform Committee. Consideration at Stage 2 was completed on 27 January 2015.

Smith Commission - Updates:

41. The Assistant Auditor General is providing an update on the Smith Commission later on today's agenda (item 8). I report below on the progress of parliamentary scrutiny of the proposals.

42. On 22 January 2015, the UK Government published a Command Paper entitled, *Scotland in the United Kingdom: An enduring settlement*. The paper sets out draft clauses which aim to take forward the Heads of Agreement contained in the Smith Commission Report. The draft clauses will form part of the Bill to be enacted in the new Parliament.

43. In a BBC interview, on the same day, Prime Minister David Cameron said that the proposals contained in the paper fulfilled promises to devolve further powers to Holyrood. In response, First Minister Nicola Sturgeon commented that UK ministers would have a veto on Scottish powers in key areas. Jim Murphy, Scottish Labour leader, called for more responsibility to be devolved to local communities.

44. The Smith Commission's proposals are currently being considered within the Scottish and UK Parliaments, principally through the Devolution (Further Powers) Committee (paragraphs 33 to 35) and Scottish Affairs Committee (paragraph 72and 73) respectively.

COSLA, Improvement Service etc.:

45. The COSLA 2015 conference will take place on 12 and 13 March 2015 at Crieff Hydro Hotel. The conference which is entitled *Local Governance: Setting the Agenda,* will explore the key challenges facing Local Government and how best meet these challenges by being proactive in setting the agenda. The 2015 event will also examine how councils and their partners can build on the work of the Commission on Strengthening Local Democracy and the Smith Commission to face future demographic and economic changes.

Current activity and news in local government:

Individual councils:

46. The following paragraphs highlight current activity and news occurring in local government over the previous month as well as developing issues. The items are drawn from a range of sources including news articles, websites and media summaries. Some of the more significant issues are highlighted in the following sections.

47. *The Herald* reported on 15 January 2015, that North Lanarkshire Council's ruling Labour group had removed Councillor Tommy Morgan from his position as Convener of the council's Audit and Governance Panel. *The Herald* reported that the move follows an ongoing dispute during which Councillor Morgan had been querying the long-term financial viability of the council's £30 million per year housing repairs contract with Mears Scotland, in which the Council has a one-third stake. The Labour Group insist that his removal was for other reasons. Subsequently, *The Herald* reported on 17 January that the Council has sought legal advice on whether it can renegotiate the contract and change terms without facing a legal challenge from other firms that initially bid for the work.

48. On 19 January 2015, the Scottish Government announced a further £10 million towards construction of the Victoria and Albert (V&A) Dundee Museum, a project led

by Dundee City Council. This increases the government's capital contribution to £25 million. This followed reports that the cost of the project had almost doubled to £80 million. Work on the museum is expected to commence in March 2015. Having been approached by the press, Audit Scotland reported on 21 January, on behalf of the Controller of Audit, that "we recognise concerns raised about the increased costs associated with the new V&A in Dundee. This is still a live policy issue and the council is considering its position so it would not be appropriate for us to investigate at this stage. However, we will continue to monitor developments". On 27 January, the Council unanimously agreed to delegate authority to city development director Mike Galloway and chief executive David Martin to accept the £76.16m tender submitted by BAM Construction, and agreed to undertake an independent investigation into the cost of the project, to be chaired by John McClelland.

49.   On 28 January, the Cabinet Secretary Alex Neil asked Argyll and Bute Council to reduce the asking price and extend deadline in relation to the proposed purchase by South Cowal Community Development Company of the Council's Castle Toward Estate. Mr Neil wrote to Council Leader Dick Walsh to ask him to consider new evidence on the valuation of the Estate and to extend the right to buy deadline of 31 January. In response, Councillor Walsh is quoted by the Dunoon Observer and Argyllshire Standard on 29 January as stating that he would reiterate the offer already made to SCCDC which included an option to extend the right-to-buy deadline.

50.   On 30 January 2015, the Improvement Service published the National Benchmarking Overview Report 2013/14 of council performance and the Society of Local Authority Chief Executives' (SOLACE) benchmarking data. A report summarising the key issues emerging from the overview report will be considered later in the meeting (see item 7).

51.   The SNP candidate Marie Penman, won the *Kirkcaldy East by-election* for Fife Council, held on 22 January 2015. This result was a hold for the party. The by-election was held following the following the resignation of SNP councillor, Arthur Morrison. More information is available on the council's website.

Scrutiny, inspection, regulatory and related bodies

Scottish Police Authority (SPA):

52.   On 29 January 2015, the SPA published its final report of its *Inquiry into the public impact of Police Scotland's Firearms Standing Authority.* It sets out findings and recommendations of its scrutiny inquiry into the public impacts of Police Scotland's decision in 2013 to authorise its trained Armed Response Vehicle officers to operate under a Firearms Standing Authority. Key findings indicated that according to the results of a *Police Firearms Survey* of public attitudes undertaken as part of the inquiry, public concern may have been less widespread than reported. Police Scotland had underestimated the degree of concern amongst some communities and lack of communication prior to implementation in 2013 had exacerbated these feelings amongst the public.

53.   The report makes a number of recommendations for Police Scotland, namely:

   • Police Scotland should undertake prior engagement with the SPA, local authorities and communities prior to making any further 'non time-critical' adjustments to the standing authority, deployment, or mode of carriage of firearms;

- Police Scotland should ensure advance engagement with the SPA on all issues which are likely to have a significant public impact, and that this should be captured in a public document that sets out expectations for wider engagement with national and local government, communities and other groups; and

- Police Scotland should ensure that all operational policies are subject to both community and equality impact assessments prior to implementation, and SPA should seek assurances that these have been undertaken and used to inform the decision-making process.

54. More details of the inquiry and report are available on the SPA website.

Her Majesty's inspectorate of Constabulary of Scotland (HMICS):

55. In a press release on 29 January 2015 to coincide with the SPA report, HMICS welcomed its findings. HM Inspector of Constabulary, Derek Penman commented: *"This scrutiny inquiry by the SPA complements our recent assurance review which contained a number of recommendations for both Police Scotland and the SPA."* The SPA report follows the publication, in October 2014, of HMICS' own *Review of the Standing Firearms Authority for Armed Response Vehicle Crews within Police Scotland*.

Scottish Public Sector Ombudsman (SPSO):

56. The *SPSO News – January* was published on 21 January 2015. The January newsletter summarises December 2014 case numbers, outlines investigations reports, recent SPSO news and highlights emerging issues, including in this month's edition, an update on those councils'' annual complaint reports for 2013/14, received to date. More information on the SPSO's work, including detailed Investigations and decision reports, are on the Our findings webpage. More detailed intelligence from the SPSO is considered routinely by the Financial Audit and Assurance Committee. More information is available on the SPSO's website.

57. On 14 January 2015, SPSO published its response to the Scottish Government's consultation on its proposals to introduce a duty of candour for health and social care services. The duty is intended to ensure services are open and honest in dealing with people in situations where something has occurred in relation to their care and treatment resulting in harm. The statutory duty of candour is an organisational duty and would not apply to individuals providing services. The response supports the introduction of a carefully worded statutory duty that places responsibility on organisations providing health and social care to ensure open and honest conversations can happen. However, it notes that whilst legislation can support change, it is not enough in itself to drive culture change. The response also considers how such a duty could work, including the need to involve patients and their families. More information is available on SPSO's website.

Commissioner for Ethical Standards in Public Life in Scotland:

58. Between 1 January 2015 and 3 February 2015, no decisions on complaints relating to councillors were published by the Commissioner. In cases where the Commissioner concludes that the Code had been contravened the compliant is referred to the Standards Commission for Scotland for further investigation. More detailed intelligence from the Commissioner is considered routinely by the Financial Audit and Assurance Committee.

59. Over the period 1 January 2015 and 3 February 2015, the [Standards Commission](#) held one Hearing to investigate a complaint (referred from the [Commissioner](#)) against [Councillor Fraser McAllister](#), East Lothian Council, which took place on 14 and 15 January 2015. The Panel decided that a breach of the councillors' code of conduct had occurred and a censure was applied.

60. The Commission will hold future hearings to consider four additional cases. Hearings are scheduled to investigate complaints against [Councillor George Black](#), West Dunbartonshire Council (17 and 18 February 2015), [Councillor Corrie McChord](#), Stirling Council (24 March 2015) and a complaint involving several Aberdeen City Council councillors namely, [Councillors Barney Crockett, Neil Cooney, Fraser Forsyth, Ross Grant, Jenny Laing, Ross Thomson and Willie Young](#) (11 February 2015. A hearing will also be held to investigate a complaint against [Councillor Andy Doig](#), Renfrewshire Council (as yet unscheduled). More detailed intelligence from the Standards Commission is considered routinely by the Financial Audit and Assurance Committee.

Local Government Boundary Commission for Scotland:

61. On 15 January 2015, the Local Government Boundary Commission for Scotland announced the second phase of its [Fifth Reviews of Electoral Arrangements](#), which were commenced on 21 February 2014. The Fifth Reviews are being carried out over two phases: firstly, consultation and decision on councillor numbers for each council; and secondly, consultation and decision on ward boundaries.

62. The first phase – a public consultation on councillor numbers - was concluded on 21 August 2014, upon which the Commission reported on 30 October 2014. The second phase – a consultation with councils on the Commission's proposals for ward boundaries – is now underway, and further public consultation on the proposed ward boundaries is scheduled for later in 2015. Councillor numbers were determined by categorising each council based on deprivation and population distribution.

63. The proposals will result in the following changes:

   - In 11 councils councillor numbers will increase.

   - In 15 councils the numbers of councillors will reduce.

   - There will be no change to councillor numbers in six councils.

   - The total numbers of councillors in Scottish councils will fall by seven from 1223 to 1216 a reduction of 0.6 per cent.

   - The biggest proposed increases are at North Lanarkshire Council (+7 councillors, a 10 per cent increase) and Glasgow City Council (+6, 7.6 per cent increase).

   - The biggest proposed decreases are Highland Council (-8, 10 per cent decrease), followed Dumfries and Galloway Council (-4, 8.5 per cent decrease).

64. Once completed, recommendations on the proposed number of councillors and the electoral ward boundaries for all Scottish councils will be submitted to Scottish Ministers in May 2016. The resulting wards will be available for the local government elections in May 2017.

Other UK Audit Bodies

National Audit Office:

65.	NAO published *Conflicts of interest* on 27 January 2015. The report outlines the importance of recognising and adequately managing conflicts of interest. Over the past 12 months, a significant number of potential conflicts have been referred to the NAO, through whistleblowing and otherwise, particularly in areas of government where services are increasingly commissioned and delivered by parties at arm's length from departments. The report provides examples of conflicts that have arisen in the delivery of public services, drawing on existing work and other intelligence. More details are available on NAO's website.

66.	On 28 January 2015, the NAO published *UK Guarantees scheme for infrastructure*. Under the Scheme, the Treasury guarantees that lenders to infrastructure projects will be repaid in full and on time, irrespective of project performance. The report concludes that the Treasury must be rigorous and objective in assessing whether the guarantees, which transfer risk to the public sector, are genuinely needed and that the projects supported bring significant public value. More details are available on NAO's website.

67.	Following a public consultation, the NAO published an updated draft *Code of Audit Practice* for the audit of local public bodies on 13 January 2015, together with an accompanying *summary of consultation responses*. The Local Audit and Accountability Act 2014 provided for the abolition of the Audit Commission and the introduction of new arrangements for the audit of local public bodies. This includes transferring the role of preparing and maintaining the Code of Audit Practice to the Comptroller and Auditor General, the head of the National Audit Office. The Code sets out what local auditors are required to do to meet their statutory responsibilities under the Act. On 12 January 2015, the draft Code was laid in Parliament for approval ahead of final publication. The final Code will apply for audits relating to financial year 2015-16 and beyond. The Code will be supplemented with detailed guidance to promote a consistent, high quality audit approach across all local auditors. Key components of this guidance will include such matters as planning NHS and local government audits, and auditors' work on value-for-money arrangements at local bodies.

Welsh Audit Office:

68.	On 3 February 2015, WAO published its fourth annual report on local government bodies' accounts entitled, *2013-14 Local Government Accounts*. The report summarises the results of auditors' work for 2013-14 covering the following types of audited bodies in Wales: unitary authorities, local government pension funds, police and crime commissioners and chief constables, fire and rescue authorities, national park authorities and joint committees. The report found that the quality of accounts and supporting working papers for most bodies was similar to 2012-13, although in a number of cases standards had deteriorated and improvements are required are still some key account areas. Commenting on the findings in an article published in Public Finance magazine on 3 February 2015, Auditor General for Wales, Huw Vaughan Thomas said most bodies completed their accounts on time in 2013/14, but half (32 of 61) had made material adjustments following audit. The was an increase on the previous year, when only a third of bodies needed to materially adjust their accounts.

Westminster

Public Accounts Committee:

69. On 28 January 2015, the Committee published its report into *Financial sustainability of local authorities 2014*. Commenting on the variability of cuts highlighted in the report's findings, Chair of the Committee, Margaret Hodge MP said, *"Councils must cope with funding reductions of around 37% between 2010–11 and 2015–16. These cuts have not hit all local authorities equally, with reductions ranging between 5% and 40%. Councils with the greatest spending needs – the most deprived authorities – have been receiving the largest reductions. Further cuts could not just undermine the entire viability of most optional services, but might threaten some statutory services in these areas."*. The report makes a number of recommendations to mitigate potential risks to value for money arising from a failure of leadership and lack of financial certainty. More information is available on the Committee's website.

70. On 3 February 2015, the Committee published its report into *Financial sustainability of NHS bodies*. The report concludes that the savings required across the NHS will be difficult to achieve solely by continuing with the same approach used in recent years. In her comments on the report, the Chair highlighted serious concerns over the viability NHS finances. She said, *"The financial health of NHS bodies has worsened in the last two financial years."* The report identifies a series of detailed recommendations. More information is available on the Committee's website.

71. On 14 January 2015, the Public Accounts Committee held an evidence session for the Committee's inquiry into the effective management of tax reliefs evidence. The session explored the issues raised in the NAO report, *The effective management of tax reliefs* published in November 2014. The Committee took evidence from a number of senior HMRC and treasury officials including Lin Homer, Chief Executive and Permanent Secretary, Jim Harra, Director General, Business Tax, and Indra Morris, Director General, Tax and Welfare. In a statement, on the NAO report, on 21 November 2014 Committee Chair Margaret Hodge MP said, *"I am deeply concerned that HMRC's failure to routinely monitor the costs and use of some tax reliefs means that abuse or fraud could go undetected."*

Scottish Affairs Committee:

72. At its meeting of 3 February 2015, the Committee continued its inquiry into the *Smith Commission's proposals for further devolution to Scotland*. It took oral evidence from Alistair Carmichael MP, Secretary of State for Scotland as the UK Government's proposals have begun to progress as clauses in the draft Scotland Bill, to be enacted in the new Parliament.

73. On 26 January 2015, the Committee visited Langholm as part of its *Our Borderlands - Our Future inquiry*. It took evidence from three panels of witnesses during a full day of evidence about issues facing businesses and residents of the border regions.

Conclusion

74. The Commission is invited to consider and note this report.

Paul Reilly
Secretary to the Accounts Commission
4 February 2015

ACCOUNTS COMMISSION

MEETING 12 FEBRUARY 2015

REPORT BY SECRETARY TO THE COMMISSION

LOCAL GOVERNMENT BENCHMARKING FRAMEWORK: OVERVIEW REPORT 2013/14

Introduction

1. This report advises the Commission of the publication of the Local Government Benchmarking Framework: Overview Report 2013/14.

Background

2. On 30 January 2015, the Improvement Service, on behalf of all 32 Scottish councils, published the Overview Report for the Local Government Benchmarking Framework 2013/14. The report is attached in the Appendix.

3. The Commission has been monitoring in recent years the progress of the Benchmarking Framework project. This has reflected the Commission's aim of encouraging councils to develop their own comprehensive set of performance data and encourage its sharing and use by the public. This has allowed the Commission in turn to rationalise and minimise the amount of performance information that it prescribes for councils to report.

4. To this end, at its meeting on 13 November 2014, the Commission heard from representatives of the Local Government Benchmarking Framework who updated the Commission on the progress of the project. The Commission commended them on the progress of the project. Subsequently, at its meeting on 11 December 2014, the Commission approved its 2014 Direction which was published on 19 December 2014. In line with the aim of less prescription, the Direction has only three indicators, two in relation to corporate characteristics and service performance, and one requiring councils to report through the Benchmarking Framework. In his foreword to the Direction, the Commission Chair notes the progress made through the Framework.

The Report

5. The Framework is based on seven overall service groupings which cover the major public facing services provided by councils, and the support services necessary to do that. This includes children's services (education and child care), adult social care, environmental services, culture and leisure, housing, corporate support services and economic development. The report notes that work continues to develop credible benchmarks in the few areas not yet covered, such as planning.

6. The report is an overview report and does not seek to replicate the depth and detail of the benchmarking tool that is the basis for the report. The focus is on three areas:

   - Trends across Scotland for the key framework indicators covering the period 2010 to 2014. For consistency the data is reported in financial rather than calendar years. For each unit cost indicator the change over the four years covered by this report is calculated in cash and in real terms.

   - The level of variation across councils and factors shaping these trends including physical geography, population distribution, size of council and the impact of deprivation.

- Identification of areas where unexplained variation exists and significant improvement might be achieved by all councils getting close to the "best in class".

7. The more detailed benchmarking information generated by the benchmarking tool can be found at the Benchmarking Framework website at http://www.improvementservice.org.uk/benchmarking/index.html. The website is designed to allow the public to analyse performance by council or by service area.

Next steps

8. Audit Scotland is currently considering the report in relation to its implications for the Commission's work, notably for the shared risk assessment process and its performance audit programme. Further reports in this regard will follow as appropriate. The Commission will also consider the progress of the Framework when it considers its annual performance information Direction, which it will do towards the end of the calendar year.

9. Ronnie Hinds is the Chair of the Local Government Benchmarking Board. Fraser McKinlay, Director of Performance Audit and Best Value, attends meetings of the Board as an observer. He will continue to do this and update the Commission as appropriate.

Conclusion

10. The Commission is invited to:

- Note the publication of the Local Government Benchmarking Framework: Overview Report 2013/14.

- Note that Audit Scotland will be considering further the implications of the report on its work.

Paul Reilly
Secretary to the Commission
4 February 2015

National Benchmarking Overview Report 2013/14

Contents

Preface

This is the third annual report for the Scottish Local Government Benchmarking Framework (LGBF). All 32 Scottish councils having been working with the Improvement Service (IS) over the last four years on developing a common approach to benchmarking, which is grounded in reporting <u>standard</u> information on the services councils provide to local communities across Scotland.

The core purpose of local government's efforts through this work is to support all councils to improve their services by working and learning together. By engaging in benchmarking we will learn how to keep improving the use of performance information, and keep improving understanding of why councils vary in terms of what they achieve for their communities and how good service practices can be better shared across all councils. We will also continue to make this information available to all citizens and users of council services, so that they in turn can hold councils to account for what is achieved on their behalf. As local government we will use the information generated to ask questions of our services in order to make them better. We would encourage citizens and service users to do likewise and engage with us in the improvement process via this information.

It is important to remember that councils across Scotland do not have common service structures. Each council has the structure and service arrangements that it believes are the most appropriate and cost effective to support its local community. Equally, all councils report their performance locally within locally developed and agreed public reporting frameworks. To ensure comparability <u>across</u> councils, it has been necessary to develop standard service definitions, and standard classifications for spending and performance. These are continually reviewed and improved to ensure the best possible performance information is available to communities, and to councils themselves.

As part of this work, councils have developed a process to drill into the information collated through the LGBF to understand, in more detail, why the variations we highlight in this report are occurring. This process has been organised around 'family groups' of councils so that we are comparing councils that are similar in terms of the type of population that they serve (e.g. relative deprivation and affluence) and the type of area in which they serve them (e.g. urban, suburban, rural).This allows us to identify and make improvements to the benchmarking framework itself but also to identify and share good practice between councils. There is a continuous improvement programme to refine the benchmarking framework and this year there will be a strong focus on improving the outcome benchmarks for pre-school and school provision in Scotland. We presently lack a consistent measure of children's development at entry to primary school, and our measures of attainment at secondary level are academically focused and take no account of vocational attainment or the wider achievements of pupils. Stronger measures to support improvements in outcomes for older people are also required given the existing focus on costs within the current measures.

The information presented in this report covers how much councils spend on particular services, service performance and how satisfied people are with the major services provided by councils. The headline findings for Scotland as a whole are that councils have continued to make substantial improvements in efficiency and productivity so that the cost of delivering services has reduced while service output and outcomes have been maintained and improved. This has been necessary because of increasing constraint on local budgets and councils have responded well to that pressure. Given further projected major cuts to public budgets across the next five years in the UK Government's financial plans, it is important that the impact on local service levels, service quality and public confidence in local services are closely monitored. The benchmarking framework allows us to do that.

Our ambition in undertaking this important work is to continue to improve the lives of citizens throughout Scotland's many diverse communities. Good public services can help contribute

significantly to helping people to have better opportunities in life, and better quality of life. The cumulative impact of the whole public sector can add further value. To that effect we also encourage other public service partners to share in and learn from our work to date. We will work with colleagues across the wider public service in the years ahead to broaden the range of indicators being deployed to support benchmarking. To achieve our ambition will require a collective public service effort but we think that effort will be more than rewarded by further improvements in services to local people across Scotland.

David O'Neil
President, COSLA

Angela Leitch
Chair of SOLACE (Scotland)

Executive Summary

The Local Government Benchmarking Framework (LGBF) brings together a wide range of information about how all Scottish councils perform in delivering services to local communities. The key aim of this approach is to support all councils to improve services by working and learning together. The framework reports on how much councils spend on particular services, service performance and how satisfied people are with the major services provided by councils. The framework represents all the significant areas of local government spend in 2013/14.

The headline findings for Scotland as a whole are that councils have continued to make substantial improvements in efficiency and productivity so that the cost of delivering services has reduced while service output and outcomes have been maintained and improved. This has been necessary because of increasing constraint on local budgets and councils have responded well to that pressure.

The key national trends are:

Education Services

1. The total number of pre-school places provided by councils has risen by 11.8% across Scotland since 2010, providing an additional 10,821 places, and this has been achieved against a backdrop of a 5.4% reduction in gross expenditure. The costs per place of pre-school education have decreased by 15.3% in real terms during this four year period. Increased efficiency in the allocation of available council provision, increased integration of pre-school and primary school provision and working on the balance between formally qualified teachers and early years staff appear to be key factors underpinning this trend.

2. In both primary and secondary education, there has been a reduction in real costs per pupil since 2010/11 (7.4% and 3.6% respectively), although the rate of this reduction has slowed in the last 12 months. In primary education, similar to pre-school, a 4.4% reduction in real gross expenditure has occurred in parallel with a 3.3% increase in pupil numbers. In secondary education, there was a 3.9% fall in pupil numbers, however the reduction in gross expenditure was proportionately larger (7.4%). Given the importance of salary costs in these trends, the retirement of older teachers has had an influence in this area.

3. This reduction in education costs has been accompanied by a continued improvement in relation to attainment. There has been a five percentage point increase in relation to the demanding criterion of pupils achieving 5+ awards at SQA (Scottish Qualifications Authority) level 6 since 2010/11, and a three percentage point increase in young people entering positive destinations upon leaving school (a rise from 89% to 92%). Initial exploration within family groups shows improved data intelligence to track young people and to target interventions, specialised 'key worker' provision within schools with a focus on supporting positive destinations, improved partnership working with local employers and colleges, and earlier intervention for children at risk have all contributed to this trend.

4. Continued progress is also being made in relation to attainment for those pupils in the 20% most deprived communities, where attainment of 5+ awards at level 6 increased from 10% to 13% of pupils in the last 12 months, and by 4.6 percentage points over the past four years.

5. Satisfaction with schools remains high at 81%, however this has reduced by 2.1 percentage points since 2010/11.

Corporate Services

6. In relation to overall council corporate and support costs, these continue to account for around 5% of total gross revenue spend for local government across Scotland. There has been a 9.1% real terms decrease in costs of the democratic core per 1000 population since 2010/11.

7. The cost per dwelling of collecting council tax has reduced by 16.7% over the four year period. Increased use of new technology including e-billing, text reminders and telephony systems, and the corresponding reduction in staffing costs underpins the reduction in costs for many councils. At the same time as a reduction in unit costs, the collection rate remains high at 95.2%, increasing from 94.7% in the base year.

8. There has been continued improvement in relation to ensuring equal pay opportunities across genders, with an increase in the percentage of women in the top 5% earners in councils, from 46% to 51% between 2010/11 and 2013/14.

Adult Social Care

9. Across adult social care, there has been a reduction in real costs in relation to home care unit costs and residential care unit costs while in relation to the balance of care, there has been an increase in the percentage of people with intensive needs cared for at home and the percentage of social work spend allocated to self-directed support.

10. Home care costs per hour per adult over the age of 65 have fallen by 4.6% in the past four years. While there has been an increase in gross expenditure, there has been a proportionately greater increase in the number of home care hours delivered. The actual number of people receiving home care has decreased, but the hours they are receiving on average has increased. This reflects the increased complexity of needs being catered for by home care services and the move towards provision focused on personal care rather than the more preventative elements of traditional home care. There has been an 8% shift from local authority provision to private/voluntary provision during this period which has contributed to reduced costs through lower salary and pension costs. In the absence of reliable indicators regarding the outcomes for older people, it is not possible to reflect the relative merits of the two service delivery models.

11. Residential care costs per adult over the age of 65 have reduced by 3% in the last 12 months. It is not possible to provide a comparison across four years due to a change in the way support costs have been apportioned. While the number of adults supported has increased slightly by 0.6% in the last 12 months, there has been a 2.5% reduction in real gross expenditure. As with home care, the reduction in costs across Scotland may to some extent reflect the continued shift from local authority (LA) provision to more private and voluntary sector provision (1.2% reduction in LA provision in the last year). The data reveals no systematic relationship between costs and the percdentage of self-funders or percentage of publicly funded places.

12. The effort to care for more people in their own home rather than institutional settings such as hospitals is an area of growing importance. The perentage of people with intensive needs receiving care at home has increased year on year from 32.2% in 2010/11 to 34.7% in 2013/14. Residential care also continues to play a key role in reducing unnecessary hospital stays. With care home numbers gradually falling and NHS continuing care also decreasing, how the system adapts to respond to meet the future needs of an aging population is an area for further exploration.

13. Self-directed support (SDS) has increased year on year in the past four years. As a percentage of total social work spend SDS has increased by 4.8 percentage points from 1.6% in 2010/11 to 6.4% in 2013/14. The majority of this growth occurred in Glasgow

where there has been a growth of 30 percentage points during the four year period. Glasgow City Council was part of a national project to drive increases in Direct Payments and has already assessed all of their under-65 clients under SDS. The continued growth in SDS will have further implications for the social care market place and our ability to accurately track where and how resources are spent.

14. The perentage of adults satisfied with social care/work services has decreased year on year since 2010/11. Satisfaction has dropped from 62% in 2010/11 to 55% in 2013/14. Satisfaction with social care services represents the lowest levels of satisfaction reported across the framework.

Culture and Leisure Services

15. Across culture and leisure services at a Scotland-wide level, costs per visit/attendance have reduced. Significant increases in visitor numbers for sports (17.3%), libraries (26.6%) and museums (25.8%) have been achieved against a backdrop of reductions in gross expenditure. Customer satisfaction rates for all culture and leisure facilities, except parks, have fallen in the last 12 months. A significant capital investment programme in sports facilities across Scotland 10 years ago is now bearing fruit and resulting in increased usage. For libraries, the increase in virtual visits, use of public access computers and mapping of opening times to user demand have driven continued increases in user numbers. Further exploration is required to understand the factors behind increased museum use; however increased promotion of exhibits and more robust footfall counting procedures may be contributing.

Environmental Services

16. Recycling rates continue to improve across Scotland from 41% in 2011/12 to 42.2% in 2013/14 as efforts are made to achieve Scotland's Zero Waste 60% household waste recycling target by 2020. The combined gross costs of waste management per premise (collection and disposal) have reduced by 3.2% in the past four years (and net costs have reduced by 0.7% in the past year). Exploration in family groups has identified the implementation of 'route optimisation' software systems saving costs on vehicles and employees, changes in working practices (e.g. shift working, zonal working, weekend working) and moving to three or four weekly refuse collections as key factors driving the reduction. Additionally, a nationwide reduction in waste arising due to the recession and austerity measures may account for some of the fall in costs in the last 12 months.

17. Street cleaning costs per 1000 population continue to reduce at an increasing rate, while the cleanliness score and satisfaction rates continue to improve, indicating the great care that has been taken to protect key areas of public concern even in the context of reducing budgets. The cost of street cleaning has reduced in real terms by 25.4% since 2010/11. The introduction of shift working, a decrease in staff numbers and maximising the use of assets has driven these reductions across many councils.

18. Overall costs for roads maintenance per km have reduced in real terms by 21.2% since 2010/11. The majority of the change appears to be due to lower winter maintenance expenditure during this period. 2010/11 was a particularly bad winter, with £120 million of additional costs and the much milder winters recently have led to lower associated expenditure. The condition of the roads network in terms of Class A, Class B and unclassified roads continues to improve. Family groups identified the implementation of Road Asset Management Plans and better targeting of spend as key factors driving this improvement.

Housing Services

19. When looking at council management of housing stock, the rent due lost to voids has remained unchanged at 1.3% since 2010/11. This suggests councils continue to manage their stock well in the face of mounting pressures as a consequence of the impacts of welfare reform among other factors. In terms of housing quality, there have been consistent and significant improvements over the past three years in terms of dwellings meeting Scottish Housing Quality Standards and energy efficiency standards.

Economic Development

20. In the last 12 months the Scotland average for the percentage of unemployed people assisted into work from council funded/operated employability programmes rose from 9.6% to 12.6% of total unemployed. There is a considerable range across councils, from 2.3% to 34.8%, and work is prioritised in the year ahead to improve the robustness of this measure and provide reliable data on the progression of these people into employment.

Conclusion

The core purpose of this exercise is to support local government through benchmarking to continue to improve the lives of citizens throughout Scotland's many diverse communities. The collective efforts of all 32 councils in Scotland has been important in taking this benchmarking project to its current stage of development and their on-going support will be critical to its further success.

There is a continuous improvement programme to refine the benchmarking framework and this year there will be a strong focus on improving the outcome benchmarks for pre-school and school provision in Scotland. We presently lack a consistent measure of children's development at entry to primary school, and our measures of attainment at secondary level are academically focused and take no account of vocational attainment or the wider achievements of pupils.

Introduction

Against a backdrop of wider public service spending pressures, councils and their partners are seeking to deliver better outcomes for communities, households and individuals through improving the performance of their services, developing new service delivery models, and by developing preventative approaches to service delivery.

Financial projections show that the spending available to councils will fall in both cash and real terms across the next five years. At the same time, demand is likely to rise across many council services as a result of demographic changes and significant reform in the welfare system. Against this context of increasing demands and declining public expenditure, the pressure for councils is to continue to drive productivity and efficiency gains across their services while maintaining or improving service levels, service quality, and public confidence.

Dealing with these pressures is at the heart of the current reform programmes that councils and other public sector partners in Scotland are implementing. These reforms include:

- The emphasis on prevention and early intervention across key areas such as early years development, youth unemployment and reshaping care for older people.

- Targeting to reduce persistent patterns of inequalities between and within communities.

- The renewed framework for Community Planning which emphasises the importance of partners working more closely together to plan service delivery in local areas, integrating, where appropriate, their services and in working jointly to share resources to help meet local needs across Scotland.

- A focus on localisation, community engagement and co-production which drive new ways of working with communities that builds on their resources and talents and ensures public services are attuned more fully to their needs. This focus is emphasised within the Community Empowerment and Renewal Bill.

- Ensuring appropriate arrangements are in place for councils and their partners to account to the people and communities of Scotland and to improve transparency over plans, expenditure and performance.

How to implement these reforms in ways which support councils to focus resources on areas of greatest impact is the basis for councils' improvement activities and their collective efforts embodied in projects such as the Local Government Benchmarking Framework (LGBF). But the challenges are complex and will require major change in how the whole public sector, including councils, operates. It is against this backdrop that the work set out in this report should be read. The LGBF forms a key element in councils' collective and individual responses to the challenges they and their communities face.

Our Approach

The core purpose of the exercise is benchmarking. That is making comparisons on spending, performance and customer satisfaction between similar councils so that all councils can identify their strengths and weaknesses and learn from those who are achieving the best performance to improve local service delivery throughout Scotland. This work is on-going and all councils continue to participate in these collective efforts towards self-improvement.

Our approach means that there are three core points to bear in mind:

1. It is important when looking at councils to compare like with like.

2. The focus presented in this report is on variations in spending and performance that

councils can directly control.

3. The aim is to help councils improve and become more cost effective in delivering local services and through that, support people in improving their life outcomes.

The benchmarking framework reported here lends itself to any type of comparison councils or citizens wish to make. What is does not support is a crude "league table" assessment: it would be as misleading to assess the performance of councils with high levels of deprivation without taking account of that as it would be to explore the performance of island councils without noting they are island groups with a very distinctive population distribution.

The purpose, therefore, is to create a framework that supports evidence-based comparisons and, through that, shared learning and improvement. The indicators in the LGBF are very high level indicators and are designed to focus questions on why variations in cost and performance are occurring between similar councils. They do not supply the answers. That happens as councils engage with each other to "drill down" and explore why these variations are happening. That provides the platform for learning and improvement.

Over the past year, councils have started working together to 'drill down' into the LGBF data across a number of service areas such as positive destinations, roads maintenance, council tax collection, looked after children, waste management and sports services, with a longer term plan to roll out this activity across other service areas. This process has been organised around 'family groups' of councils so that we are comparing councils that are similar in terms of the type of population that they serve (e.g. relative deprivation and affluence) and the type of area in which they serve them (e.g. urban, suburban, rural). The point of comparing like with like is that this is more likely to lead to useful learning and improvement. Examples of best practice emerging from this collaboration are being shared across all local authorities and are being used to inform local improvement activity within self-evaluation, service review, and service planning processes.

The Local Government Benchmarking Framework

The framework is based on seven overall service groupings which cover the major public facing services provided by councils, and the support services necessary to do that. This includes children's services (education and child care), adult social care, environmental services, culture and leisure, housing, corporate support services and economic development. Work continues with colleagues to develop credible benchmarks in the few areas not yet covered, such as planning.

To develop precise indicators of cost and performance for comparison between councils, these broad service categories are divided into more specific sub-categories. For example, children's services divide into: pre-school education; primary education; secondary education and child care and protection. A full list of service categories and indicators is attached (See Appendix 1).

For each category, standard indicators of spend and performance have been applied. Spending has been standardised by expressing it as expenditure per standard unit (e.g. spending per pupil; spending per kilometre of road maintained; spending per residence for waste collection, etc.). These indicators have been standardised by application of rigorous protocols and provide a reliable basis for comparison between councils. Previously, the key source of the data for the cost indicators has been the Local Financial Return (LFR). The earlier publication of the LGBF this year means that the LFR data is not yet available. Therefore, the cost data used this year is based on a direct return to the Improvement Service, although to ensure reliable and comparable data, this continues to be based on LFR categories, guidance and definitions.

Indicators of performance have proven to be more difficult. For some services, well accepted measures of performance exist (e.g. pupil attainment at N5/standard grade or N6/higher level

for secondary education). For others, no standard measures of performance are currently available (e.g. children's educational attainment at the end of primary school). For others again, performance is defined against policy requirements (e.g. percentage of older people with intensive needs receiving care at home). Finally, in some cases, community satisfaction with the service is used but is not equally available for all services. The sources used to populate the performance measures include performance and statistical returns to the Scottish Government, Scottish Qualifications Authority, The Scottish Housing Regulator, and SEPA, among others, as well as direct returns to the Improvement Service for a small number of measures not currently collected/published by another body. The Scottish Household Survey is used to provide customer satisfaction measures.

Full technical specifications for all 55 indicators, including source details are available on the Local Government Benchmarking Website.

This framework is iterative and councils continue to collaborate to strengthen indicators and address framework gaps. We welcome public views in relation to how to improve this benchmarking framework and particularly if there are other measures which might usefully be included. You can provide feedback and suggestions by visiting our website (www.improvementservice.org.uk/benchmarking).

The Purpose of this Report

There is a continued commitment to make benchmarking information available to all citizens and users of council services. To further this end a new online benchmarking public reporting tool has been designed and is incorporated within councils' own local approaches to public performance reporting. All of the information generated by the LGBF is presented in this online benchmarking tool which contains "dashboards" for each council showing movement on indicators across the four years covered, and a comparison with the Scottish average for all indicators.

This report is an overview report and does not seek to replicate the depth and detail of the benchmarking tool. The focus is on three important areas:

1. Trends across Scotland for the key framework indicators covering the period 2010 to 2014. For consistency we report the data in financial rather than calendar years. For each unit cost indicator we have calculated the change over the four years covered by this report in cash and in real terms, that is taking account of impact of inflation over time. **To explore change over time we have focused on the real term change but to allow for other comparisons we have also included the cash figures for each relevant indicator.**

2. The level of variation across councils and factors shaping these trends including physical geography, population distribution, size of council and the impact of deprivation.[1]

3. Identification of areas where unexplained variation exists and significant improvement might be achieved by all councils getting close to the "best in class".

Those interested in further reading may wish to visit Viewstat (www.improvementservice.org.uk/viewstat/), an interactive mapping tool which provides further information on a variety of areas such as education, economic participation, housing and income, all of which may be useful in 'drilling-down' into the high-level benchmarking indicators.

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[1]   Correlation analysis and Mann-Whitney/Wilcoxon Two-Sample Tests were carried out to establish where statistically significant relationships exist between the framework indicators and levels of deprivation, rurality, population distribution and size of council.

Children's Services

The major elements of children's services, and the percentage of total children's services spend on each one, are given in the chart below.

Proportion of Gross Revenue Expenditure for Children's Services by Element 2013/14
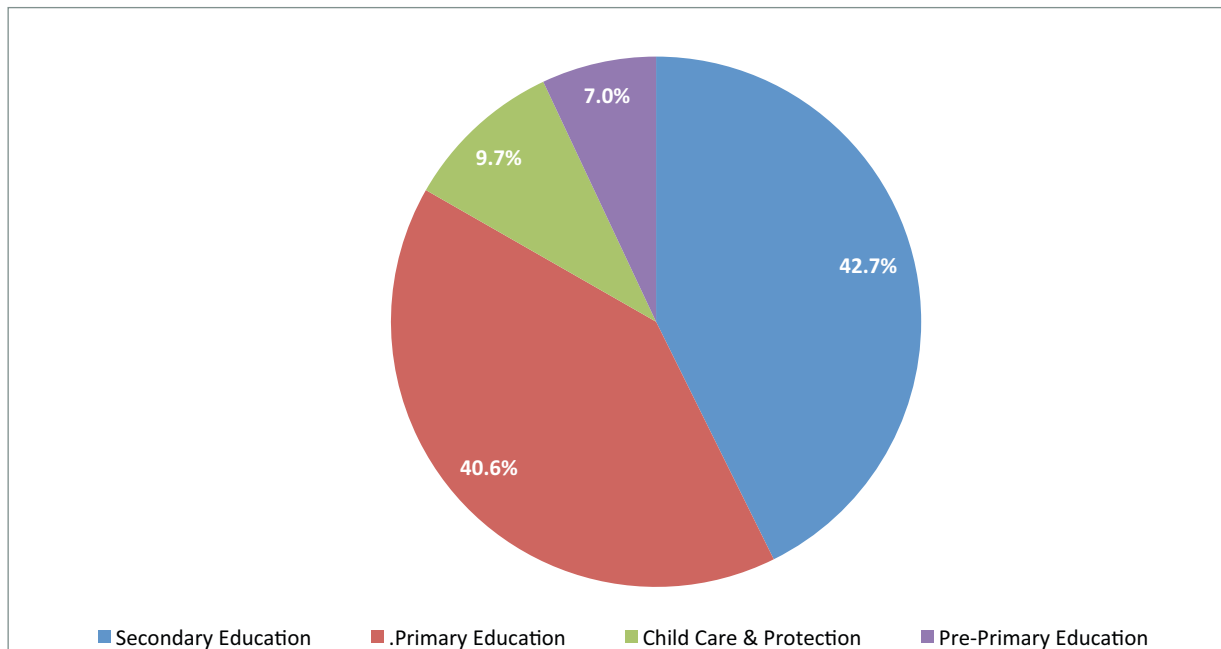
Source: Council supplied expenditure figures

As can be seen, primary and secondary school provision are the major spend areas, with pre-school education and child care and protection accounting for a very much lower percentage of total spending on children. Each element is looked at in turn below[2].

Pre-school Provision for Children

For pre-school educational provision for children ("nursery school"), spending has been standardised as total spend per pre-school place. The average cost per place in 2013/14 was £2998, with substantial variation between councils, ranging from £1959 per place to £4789 per place. There is no systematic connection with the different scale, population distribution or levels of deprivation for different councils. The variation seems more likely to reflect specific local cost factors such as workforce composition and age structure, capacity utilisation within establishments, and rationalisation of management overheads.

Over the four year period the Scottish average for the cost per pre-school place has reduced in real terms by £543. In percentage terms, this represents an average real terms reduction across Scotland of 15.3%. Of the 32 councils, 28 have seen a reduction in costs since 2010/11.

Real costs have reduced at a faster pace in the last 12 months after levelling out between 2011/12 and 2012/13. From 2012/13 to 2013/14 there was a real terms reduction of 5.2% compared to a reduction of 1.1% between 2011/12 to 2012/13.

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2   Data on looked after children will be published in March 2015. The benchmarking framework will be updated to incorporate these figures at that time

Cost per Pre-School Registration
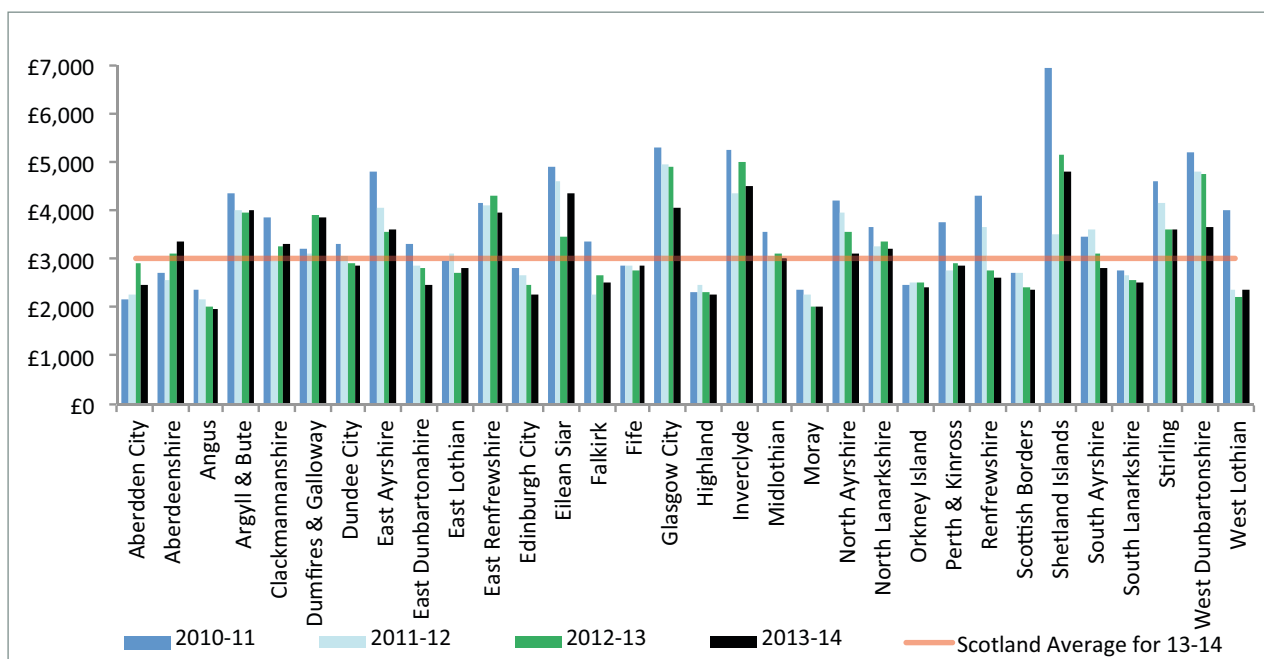
Source: Early Learning and Childcare Census, Scottish Government; council supplied expenditure figures

Cost per Pre-School Place 2010/11 – 2013/14

% Change	Cash	Real
2010/11 - 2013/14	-10.8	-15.3
2010/11 - 2011/12	-8.0	-9.6
2011/12 - 2012/13	0.5	-1.1
2012/13 - 2013/14	-3.5	-5.2

Significantly, the total number of pre-school places provided by councils has risen by 11.8% across Scotland since 2010, providing an additional 10,821 places, and this has been achieved against a backdrop of a 5.4% reduction in gross expenditure.

The extent to which individual councils use in-house/external provision is not important in understanding local costs (nationally, there has been a 1.7% shift away from partner providers and toward LA provision in the past four years[3]). The increased focus on the efficient allocation of available council provision, particularly through the introduction by many councils of the Nursery Admissions Management System, has been a key driver in this trend however.

There has also been increasing integration of pre-school and primary school provision supporting a smoother transition for children. This integration has delivered efficiencies through reducing property and staffing costs by enabling both the sharing of head teachers and school facilities.

The nationally agreed wage freeze continues to be a major factor in the cost reductions in recent years. Factors such as the age, experience and grade of staff deployed may also be part of an explanation as these are major cost elements in delivering the service. Councils have worked on the balance between formally qualified teaching staff and other early years practitioners. While the total number of staff across pre-school education provision has increased by 6.2%, the percentage of qualified teachers has reduced by 3.4% from 16.6% in 2010/11 to 13.2% in

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3   Source: Early Learning and Childcare Census, Scottish Government

2013/14.[4] There has also been a small decrease in the age profile of pre-school teachers during this period.

Pre-School Performance

Currently there are no systematic and consistent measures deployed by all 32 councils for understanding children's development as they progress through the pre-school setting. The Association of Directors of Education Scotland (ADES) have recently committed to work with all national partners (COSLA, Education Scotland, Scottish Government and Improvement Service) to develop an outcomes-focused national performance framework which will enable councils to compare progress on a standardised basis. It is likely this will include consideration of measures identified by the Early Years Collaborative relating to expected developmental milestones by the 27-30 month health review and by the start of primary education. Progress in this important area will be provided in a future report.

Primary and Secondary School Spending

The pattern of spend on primary and secondary schooling is standardised as "total spend per pupil". In both primary and secondary education, there has been a reduction in real costs per pupil since 2010/11 (7.4% and 3.6% respectively), although the rate of this reduction has slowed in the last 12 months.

The data for primary and secondary costs continues to show a very distinctive pattern across Scotland, with the island councils spending significantly more than others. For example, including the islands, the range per primary school pupil is from £3890 to £8306 and from £5582 to £10,539 for secondary schools. Excluding the islands, the range per pupil for primary comes down to £3890 to £5911, and for secondary it comes down to £5582 to £7924. The distinctive physical geography and population distribution of the island councils results in a distinctive spending pattern.

Around 60% of primary and secondary school spending is teaching staff costs. This means that variation between councils is highly influenced by the age and salary costs of the teaching workforce. It is likely retirement patterns are having an influence on costs in this area. Across Scotland, there has been a 5% decrease in the number of teachers aged 45 and over since 2010/11 in both primary and secondary provision.[5]

A key factor underpinning staffing costs for councils relates to the current agreement between the Scottish Government and local authorities that teacher numbers will be maintained in line with pupil numbers. This means that in managing costs this element of the council workforce cannot be reduced below the stipulated levels and represents a fixed cost to councils.

A further 20% of education spending represents operating costs of which the biggest element is the provision of school facilities themselves. Variation in pupil costs between councils will be affected by the number and condition of the school buildings they provide. As a substantial proportion of the school estate has been renewed in the last 15 years using PPP/PFI vehicles, annual contract costs are also likely to be a significant factor.

It is also worth noting that the complex issues involved with school closures inhibits further rationalisation of facilities, which in turn also acts to maintain costs within both primary and secondary school expenditure. The impact of both teacher/pupil ratios and issues around school closures may limit councils efforts in seeking to generate further efficiencies in this major area of expenditure.

The charts below indicate that despite the common factors e.g. class sizes, teacher

4   Source: Teacher Census, Scottish Government
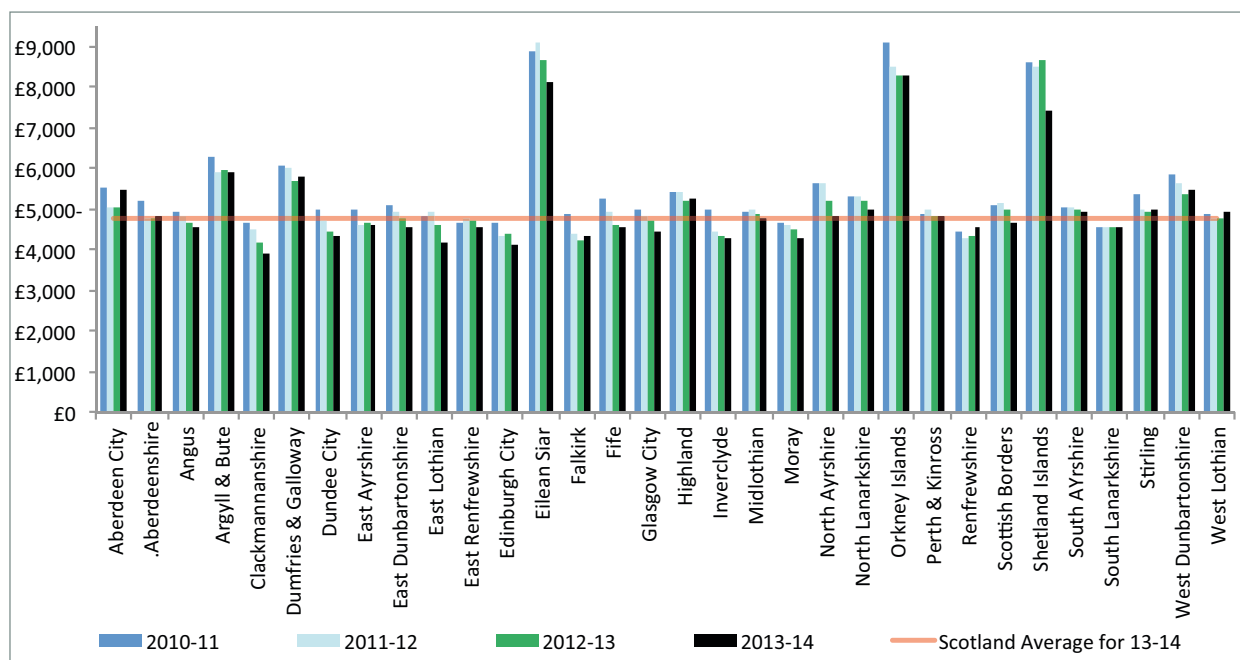5   Source: Teacher Census. Scottish Government

demographics and the school estate that influence provision across Scotland there are still substantial variations between councils, particularly for secondary education. This variation is most likely to be associated with choices made by councils in the past with respect to service delivery and design. The IS will work with all councils, ADES, Education Scotland and other relevant bodies to better understand the impact of these factors and fully share the insights gained into how some services are designed and delivered in ways that achieve greater efficiencies in expenditure.

Cost Per Primary Pupil

In 2013/14, the average cost per primary pupil was £4750, which is down from £4839 the previous year. Since 2010/11 there has been a real terms reduction of £381 per primary pupil. This represents a 7.4% real terms reduction during this period. This reduction in cost per pupil reflects a 4.4% reduction in real gross expenditure which has occurred in parallel with a 3.3% increase in pupil numbers.

The rate of reduction has slowed slightly in 2013/14 with a reduction of 1.9%, compared to 2.5% and 3.3% in the previous two years.

Cost Per Primary School Pupil

Source: Pupil Census, Scottish Government; council supplied expenditure figures

Cost Per Primary Place 2010/11 – 2013/14

| % Change	Cash	Real
2010/11 - 2013/14	-2.4	-7.4
2010/11 - 2011/12	-1.6	-3.3
2011/12 - 2012/13	-0.9	-2.5
2012/13 - 2013/14	0.0	-1.9

Primary School Performance

As with pre-school children's development there is currently no consistent method for assessing children's development through primary schools. Currently some councils deploy formal

development measurement approaches while others adopt a different less formal approach to assessment. ADES have outlined their intention to co-produce with others a national performance framework for education which will include an element of measurement during the primary years. This outcomes-focused framework will help as part of an overall package of improvement measures to support the learners journey, raise attainment and close the inequality gap. We will work closely with ADES and key education partners to support this approach and will report in future years on this important area of development.

Cost Per Secondary Pupil

In 2013/14, the average cost per secondary school pupil was £6523, which has fallen slightly from £6545 last year. From 2010/11 to 2013/14 there was a real terms reduction of £245 per pupil, this represents a 3.6% reduction. In secondary education, there was a 3.9% fall in pupil numbers, however the reduction in gross expenditure was proportionately larger (7.4%).

Cost Per Secondary School Pupil
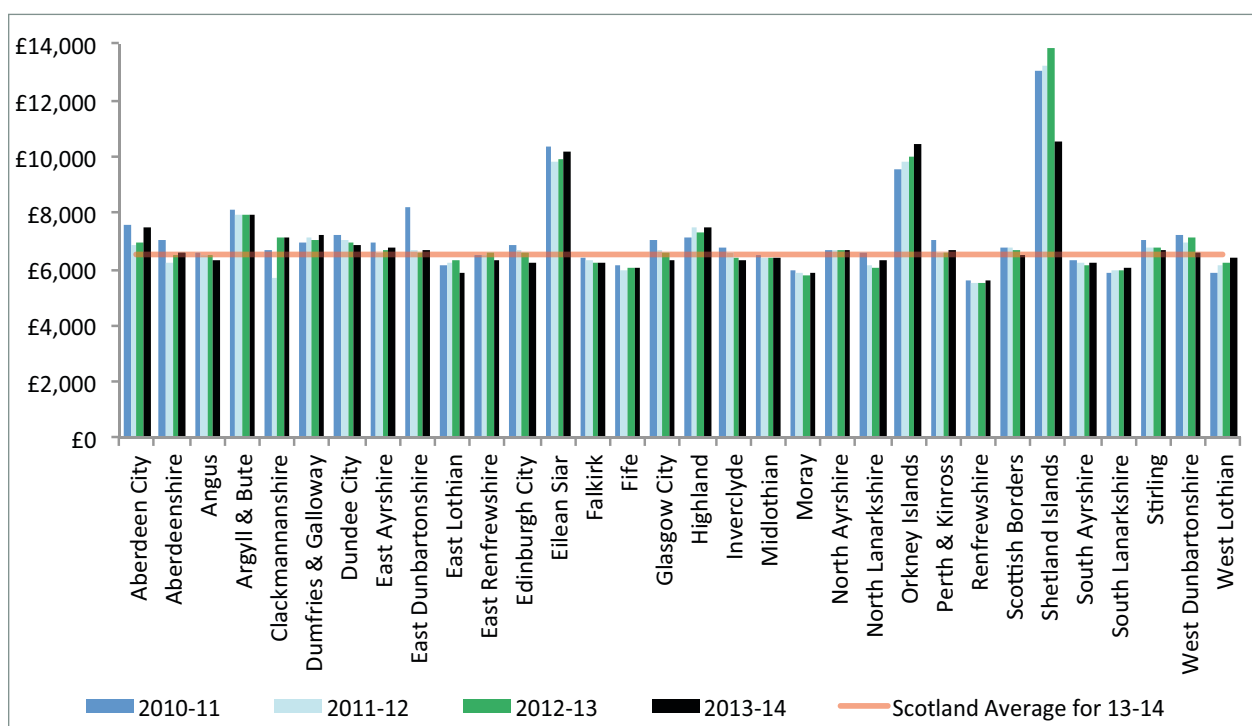
Source: Pupil Census, Scottish Government; council supplied expenditure figures

As before, the rate of reduction has slowed in the most recent years with a 0.3% reduction in 12/13 to 13/14 compared to a 3.3% real terms reduction from 2010/11 to 2011/12.

Cost Per Secondary Pupil 2010/11 – 2013/14

| % Change	Cash	Real
2010/11 - 2013/14	1.6	-3.6
2010/11 - 2011/12	-1.6	-3.3
2011/12 - 2012/13	1.7	0.0
2012/13 - 2013/14	1.5	-0.3

Secondary School Performance

To date, performance at secondary level has been measured by three indicators within the benchmarking framework: percentage of pupils achieving 5+ SQA level 5 qualifications

(Standard Grade credit or Intermediate 2 at A-C) at the end of S4 (described as '5+ at Level 5' for the purpose of this report); percentage of pupils gaining 5+ SQA level 6 qualifications (Higher A–C level)[6] by the end of S6 (described as '5+ at Level 6' for the purpose of this report) and the post-school destinations of pupils.

Due to the introduction of the new Nationals and the changes to the senior phase (S4-S6) as a result of Curriculum for Excellence, and the difficulty in ensuring strict comparability year on year, the Board overseeing the benchmarking framework concluded that the 5+ at Level 5 measure should not be included this year. ADES and education partners continue to work together as the new awards and curriculum models are implemented to agree outcome measures which accurately reflect the senior phase (S4-S6) landscape and in particular reflect wider educational achievement.

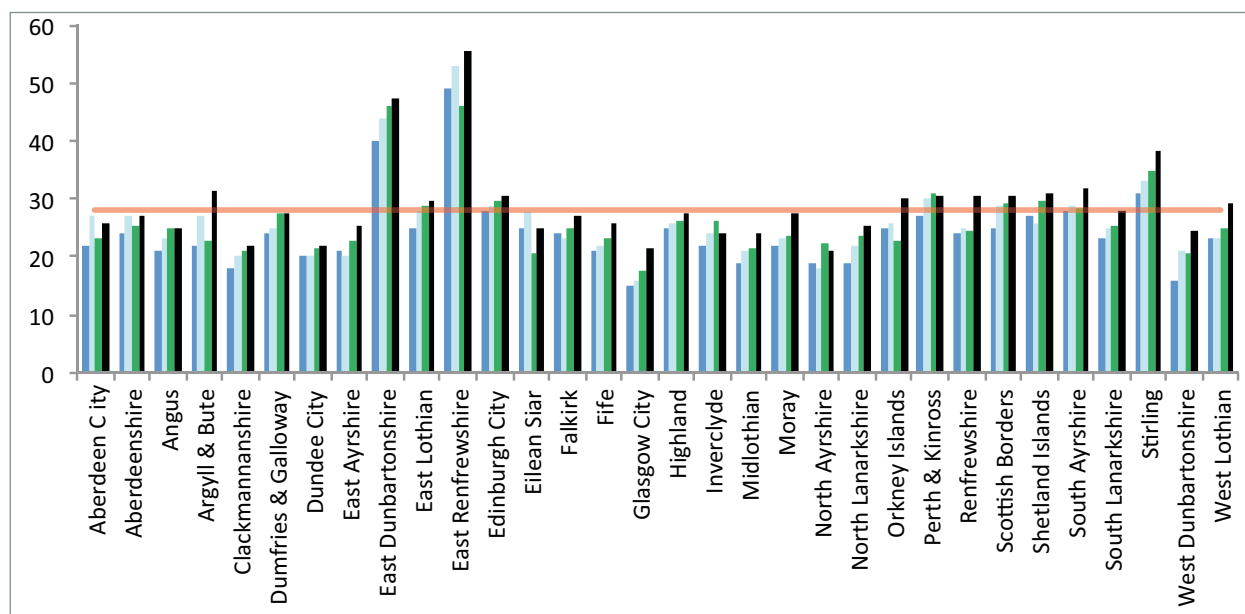**Percentage of Pupils Gaining 5+ Awards at Level 5**
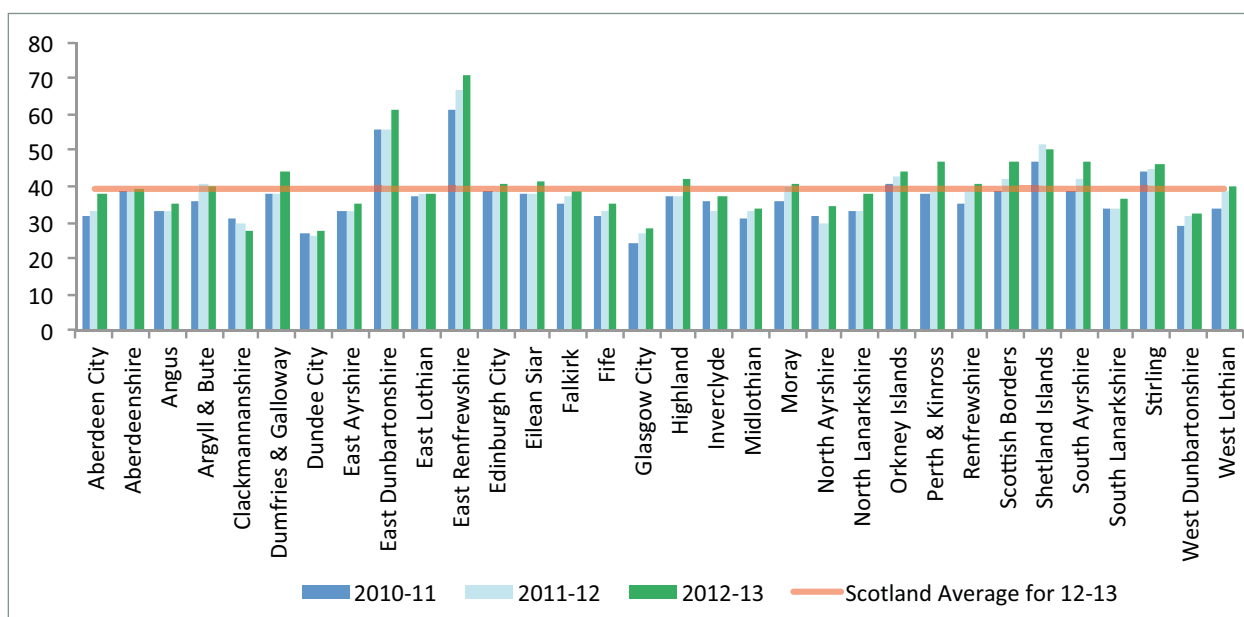
Source: Figures supplied by Scottish Government

An improving trend can be seen in the SQA level 5 and level 6 data across the years for which we have collated data. The total percentage of young people gaining five awards at level 5 and level 6 is increasing. In 2013/14, 28% of pupils achieved fove or more awards at level 6, an increase of two percentage points since 2012/13, and an overall increase of five percentage points since 2010/11. Since 2010/11, 31 of the 32 councils have seen an increase in attainment at this level, with 1 council observing no change.

Across Scotland, very substantial variations can be identified in level 6 qualifications for 2013/14, ranging from 21.1% to 55.4%. It should be noted that 5+ awards at SQA level 6 is a demanding academic criterion, and on its own provides a rather narrow picture of attainment.

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6   The information for level 6 qualifications in 2010/11 is calculated using a slightly different basis from later years and is not completely comparable.

Percentage of Pupils Gaining 5+ Awards at Level 6

Source: Figures supplied by Scottish Government

Percentage of Pupils Achieving SQA Level 5 and Level 6 Awards

Year	% 5 or More Awards at Level 5 (2012/13)	% 5 or More Awards at Level 6 (2013/14)
2010/11	36	23
2011/12	37	25
2012/13	39	26
2012/14	-	28

In terms of understanding variations in educational attainment at level 5 and level 6, there is no significant relationship between type or size of council. However, a clear relationship does exist between multiple deprivation and educational attainment - both <u>within</u> and <u>between</u> councils. Within councils, the average performance of pupils from the 20% most deprived areas is well below the average for other pupils. Between councils, achievement varies systematically with the overall level of deprivation in the council area: this accounts for around 40% of the variation in outcome between councils.

There remains a significant degree of variation in attainment across councils which is unexplained and which provides interesting opportunities to drill down further. Two particular points need further exploration. <u>First</u>, councils with very low levels of overall deprivation are often achieving exceptional results with pupils from deprived areas.

<u>Second</u>, if councils are grouped into four "families" based on their overall levels of deprivation, see below, differences emerge **within** the families as well as **between** them. If in family group 1 we exclude the performance of the two highest performing councils in Scotland - East Renfrewshire and East Dunbartonshire are outliers even within their family group – the range within that group narrows to around 5% for level 6. The range in performance within all four groups suggests that when councils are grouped on the basis of similar socio-economic and deprivation levels, some councils seem to be achieving better results with children from similar backgrounds than others. However, it may be the current family groupings are too broad and are not providing sufficiently 'like for like' comparisons within this particular service area. This is illustrated by the fact that within family group 1, while one council has close to 10% of its communities amongst the most deprived areas in Scotland, another council in the same family

group has fewer than 3%. Given this, during the next phase we will review the family groupings across some of the service areas to improve the extent to which they provide meaningful comparisons.
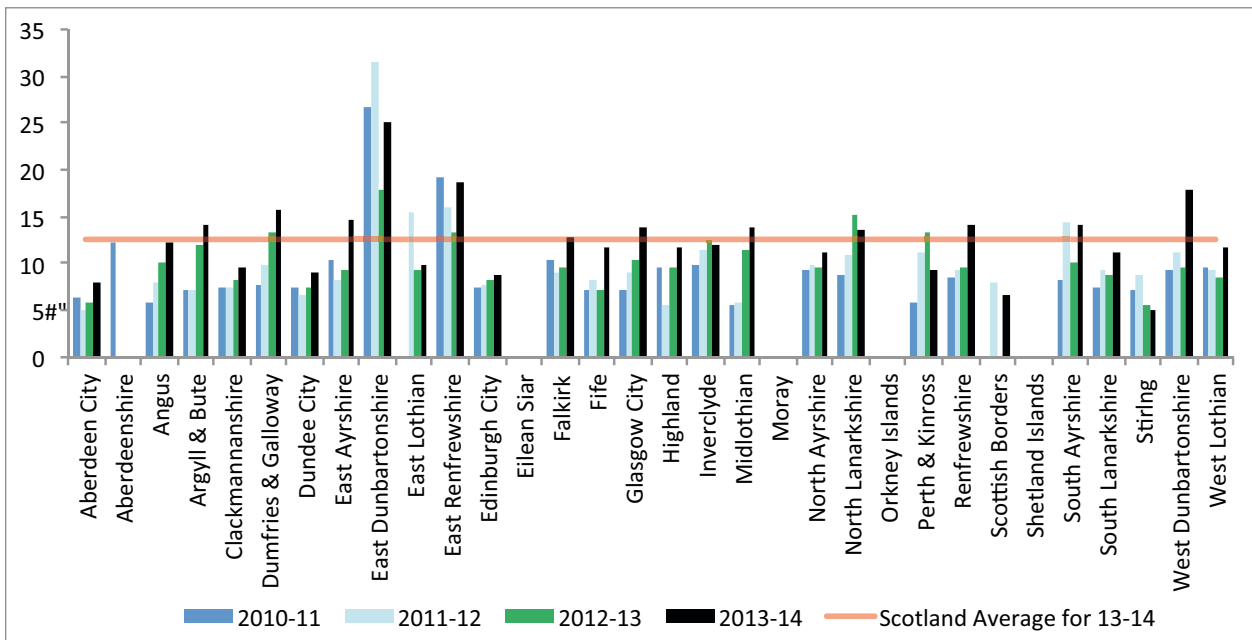
Attainment at Level 5 for 20% Most Deprived Communities
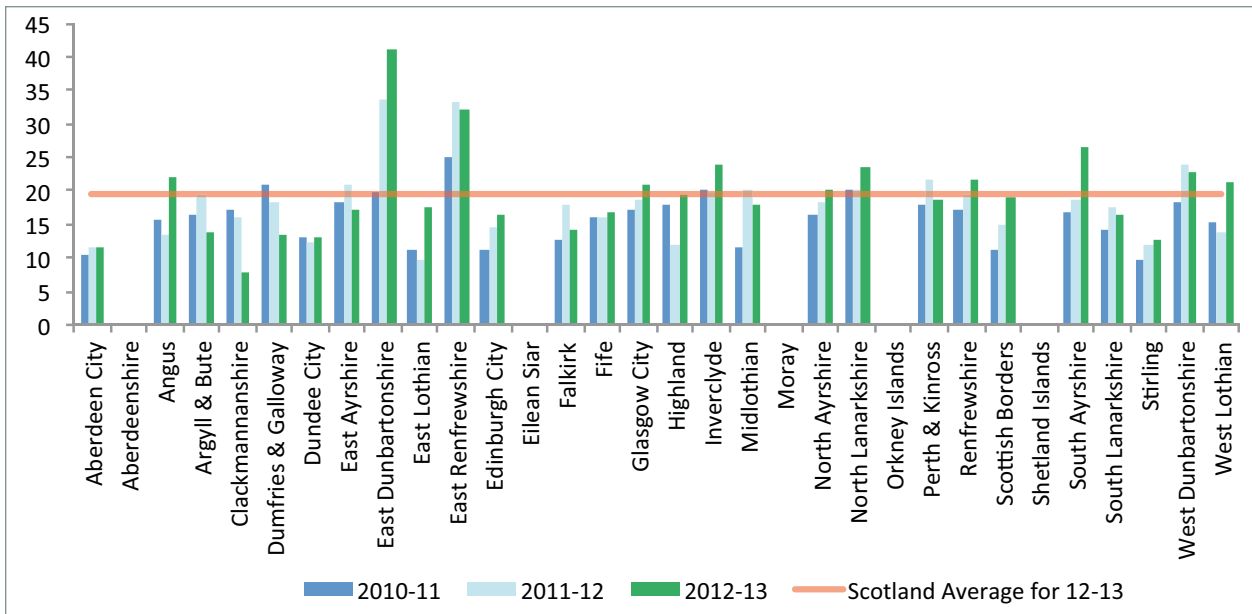
Source: Figures supplied by Scottish Government
Note: Missing values represent councils which have no communities in the 20% most deprived communities

Attainment at Level 6 for 20% Most Deprived Communities

Source: Figures supplied by Scottish Government
Note: Missing values represent councils which have no communities in the 20% most deprived communities

FAMILY GROUP	5 or More Awards at Level 5 (2012/13)				5 or More Awards at Level 6 (2013/14)			
	Avg	Min	Max	Range	Avg	Min	Max	Range
FG1 – least deprived	45.4	38.0	70.7	32.7	30.5	25.6	55.4	29.8
FG2	40.4	34.2	46.7	12.5	28.7	24.1	38.3	14.2
FG3	39.2	27.9	47.0	19.1	27.7	21.9	31.8	9.9
FG4 – most deprived	34.8	27.9	41.5	13.6	24.2	21.1	25.5	4.4
SCOTLAND	39.3	27.9	70.7	42.8	28.1	21.1	55.4	34.3

As with the improving trend in the total percentage of young people gaining five awards at level 6, the overall percentage for young people from deprived areas achieving that level of award is also increasing. In 2013/14, 13% of pupils living in the 20% most deprived communities achieved five or more awards at Level 6, compared to 10% in 2012/13, and 8% in the base year 2010/11. This represents a five percentage point improvement across the four year period, a trend which can be tracked back across the last 10 years. The inequality between the most and least disadvantaged pupils has narrowed by much less because all pupils have improved their performance across the period. The IS has undertaken further research into the connections between multiple deprivation and the patterns of outcomes achieved for people in Scotland including educational performance of children. The findings of this work will be published in February 2015. As indicated above, across Scotland very substantial variations can be identified, ranging from 5% to 25% in 2013/14.

Percentage of Pupils Living in the 20% Most Deprived Communities Achieving SQA Level 5 and Level 6 Awards

Year	% 5 or More Awards at Level 5	% 5 or More Awards at Level 6
2010/11	16	8
2011/12	18	9
2012/13	20	10
2012/14	-	13

It is important to note that the above trends reflect ***average performance*** across the whole council area. In reality there are clusters of higher and lower performance within each council area at school level. We will work with all councils, ADES and Education Scotland to better understand this level of variation and the factors that drive it at school and council levels. Good practice will be captured and shared both on how our 'higher performing' schools operate and also in terms of how schools work with a wider range of services to support children and their families to improve the life outcomes for children including their educational attainment.

The introduction of Curriculum for Excellence and the new National qualifications have driven the development of a new online tool, INSIGHT, which will provide improved access to school level performance data and the promotion of virtual comparators. Building on this, we will work with colleagues across education services to develop benchmarking measures which reflect the whole range of measured achievement at school, taking into account vocational attainment or the wider achievements of pupils.
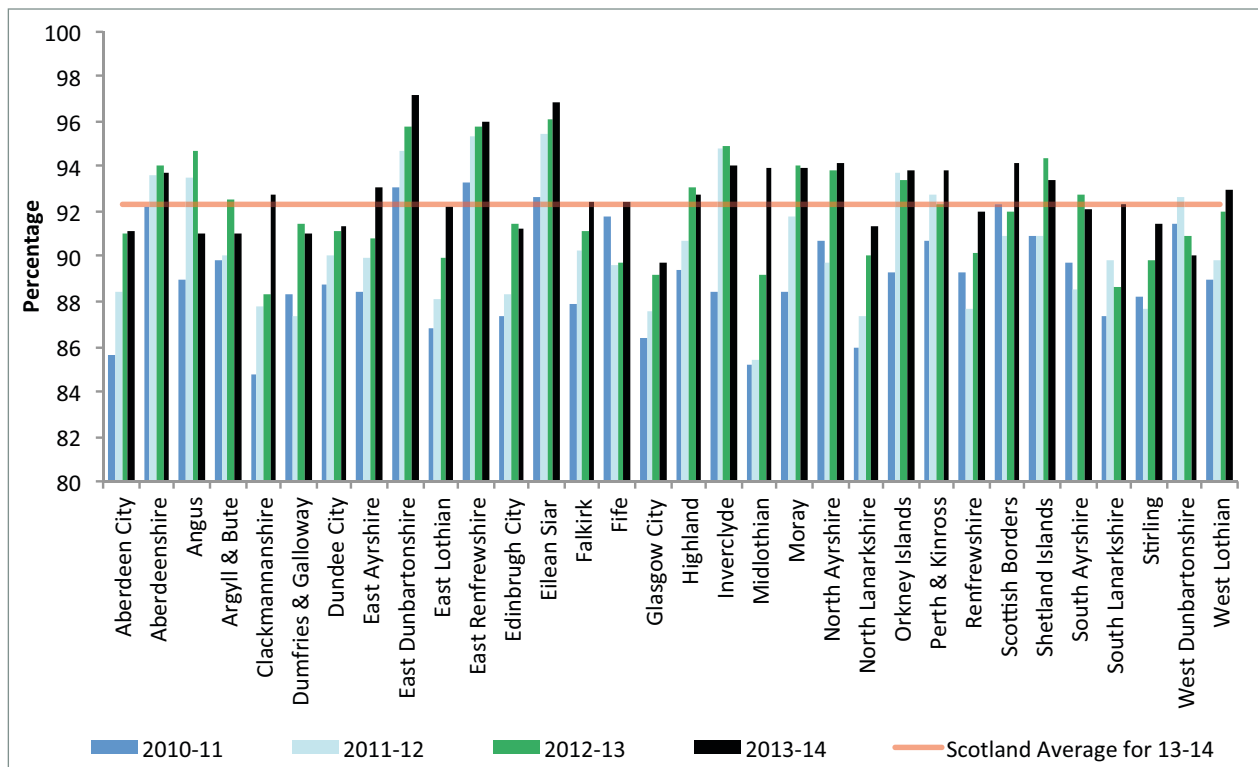
Positive Destinations

There has been continued improvement across the past four years in relation to the proportion of young people entering "positive destinations" after school (participation in Further Education (FE), Higher Education (HE), training/apprenticeships, or employment). In 2010/11, 89% of

young people entered a positive destination compared to 92% in 2013/14.

While councils continue with their efforts to promote and drive positive destinations, it is important to note that trends will to a large degree be shaped by the broader economic climate and the opportunities available within local economies. For example, the impact of the recent recession on the proportion of young people entering employment between 2006 and 2009, and the corresponding impact on other destinations such as FE/HE is clear to see in the graph overleaf.

Proportion of Pupils Entering Positive Destinations

Source: School Leaver Destination Return (SLDR), Skills Development Scotland

| Year	% Entering Positive Destinations
2010/11	89
2011/12	90
2012/13	91
2013/14	92

In 2013/14, the percentage of young people entering positive destinations across councils ranged from 89.7% to 97.2% across councils. There is a systematic relationship between the percentage of pupils entering positive destinations and deprivation, where those councils with higher levels of deprivation have lower percentage of young people entering positive destinations. This relationship becomes clearer when "positive destinations" is broken down into its component parts. The balance of participation in colleges and universities more or less reverses between councils with higher levels of deprivation and councils with lower levels of deprivation. There is a clear link between deprivation and lower participation in higher education across Scotland (although worth noting that the participation rate is still high: Glasgow, with the highest level of deprivation in Scotland, still has over 30% of all its pupils going to university). The percentage of pupils moving directly into unemployment is higher for councils with higher levels of deprivation although the relationship is not statistically significant.

Positive Destination Trends Across Scotland 2004/05 - 2013/14
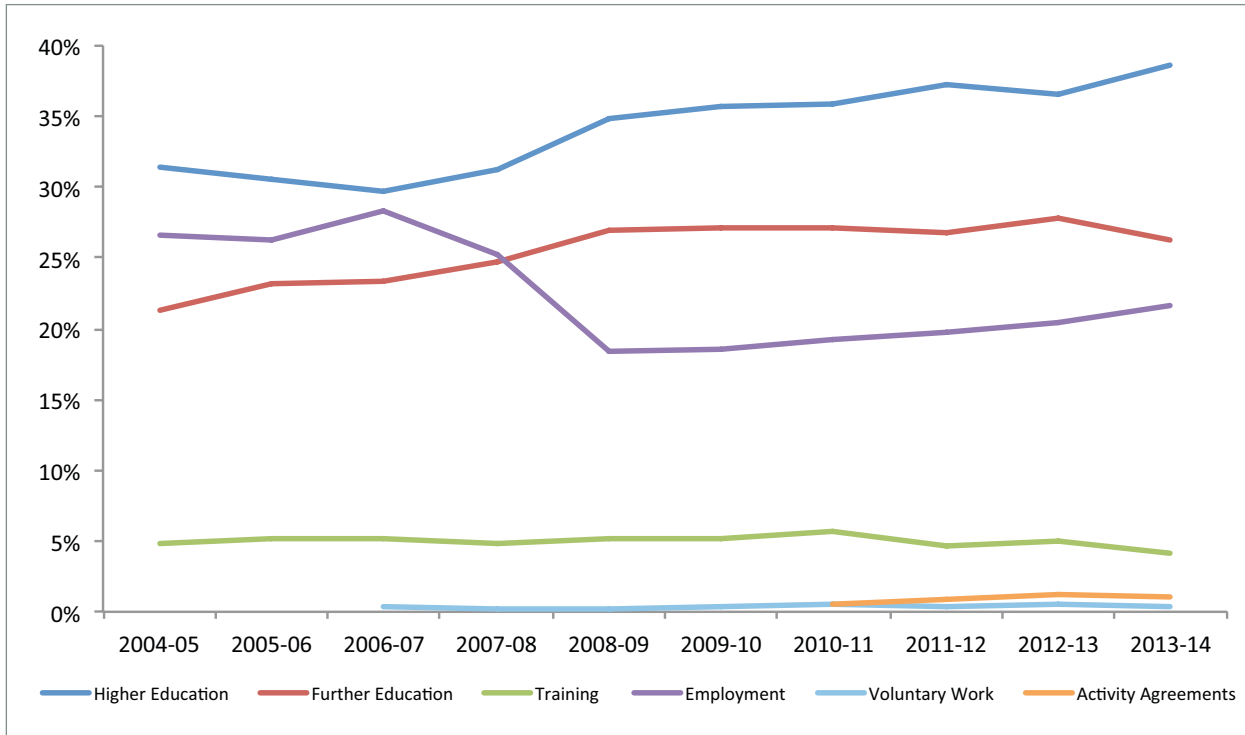
Source: School Leaver Destination Return (SLDR), Skills Development Scotland

Breakdown of Positive Destinations by Council 2013/14
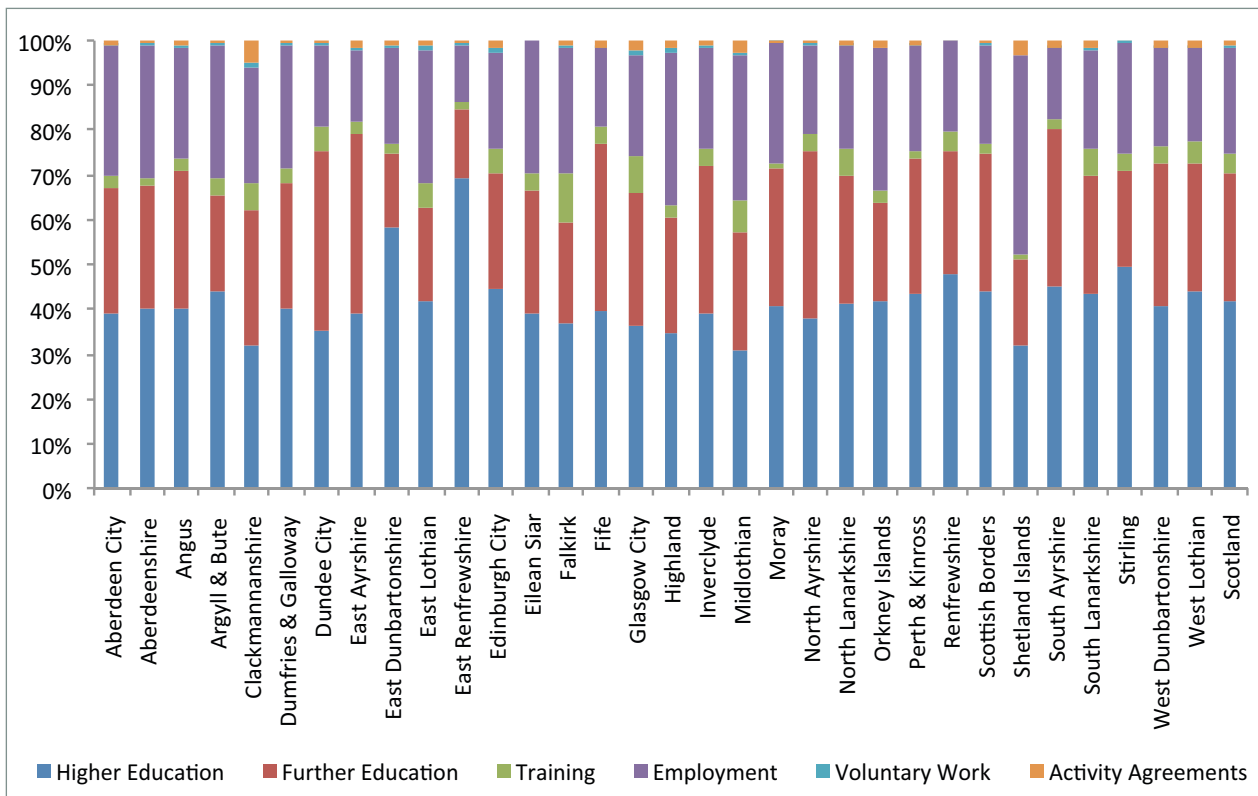
Source: School Leaver Destination Return (SLDR), Skills Development Scotland

As with educational attainment, it is important to note that this measure reflects average performance at <u>council</u> level and does not provide a full picture of what is happening within individual schools/clusters. For example, Glasgow's 33% university participants may disproportionately come from a small number of schools which may have significantly higher participation rates than the average for the city as a whole. The pupils in these schools may

disproportionately come from the less deprived areas in the city, and may be very similar to their peers in more affluent council areas.

Councils have been working together in family groups to understand the national trends, the variation observed, and to share learning about good practices driving improvements in outcomes for young people.

The implementation of the senior phase has heightened expectations that all pupils are prepared for their next stage following school and that all pupils should have a positive destination (or an offer of one) prior to their leaving date, a direction further strengthened by the recent publication of Developing Scotland's Young Workforce[7]. The benefit of having a named resource physically within schools with responsibility for promoting these positive destinations was highlighted. This role is often taken on by those staff with a pastoral care role, working with pupils to remove barriers, and to re-engage and motivate young people.

There is evidence that councils have improved their effectiveness in tracking young people, and in particular, 'losing no-one' from the system. Ongoing and longer-term tracking of young people has also increasingly become a priority, as sustainability of these destinations and, more importantly, a route back to support for young people if circumstances change, are key to securing positive outcomes.

A number of councils have driven performance improvements through better use of data intelligence to shape expectations and target improvements, often involving the deployment of additional analytical resource. This also supports the priority being given to earlier intervention for children at risk, including pupils who are disengaging from learning, young carers, those who have English as their second language, those who are 'looked after' by the council, and those who have additional support needs.

Developing Scotland's Young Workforce has acted as a stimulus to encourage and strengthen links between schools and employers to deliver appropriate training opportunities and real long-term job prospects. The focus has been to extend opportunities in priority economic growth areas through stronger partnerships which ensure young people have the specific skills needed by public, private and third sector employers. These links are designed to embed employability and industry sector-skills based learning within the school curriculum from primary to post-school, with the intention of creating new opportunities for specialist and tailored learning in the senior phase, between S4-S6. Recognising their role as the largest employers in the region, there has also been a focus to maximise the opportunities the public sector offer to young people through work placements, vocational training and modern apprenticeships.

Percentage of Adults Satisfied with Education Services

In terms of adults satisfied with their local schools service, the range across Scotland is from 65% to 96%. The overall Scottish average satisfaction rate in 2010/11 was 83% which remained the same in 2012/13, however it has fallen to 81% in 2013/14. However, these satisfaction rates achieved by local schools remain among the highest rates achieved by local council services. There appears to be no firm link in the trends related to the size of the councils, the urban/rural nature of the councils or the level of deprivation in the council area.

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7   http://www.scotland.gov.uk/Publications/2014/06/4089

Percentage of Adults Satisfied with Local Schools

Year	% Satisfied
2010/11	83
2012/13	83
2013/14	81

The customer satisfaction data that is included in the LGBF is derived from the Scottish Household Survey (SHS). While this data is proportionate at Scotland level, it is acknowledged there are limitations at local authority level in relation to the very small sample sizes and low confidence levels. We continue to work with colleagues across councils and within Scottish Government to develop an improved measure of customer/resident satisfaction which is comparable at local authority level.

Adult Social Care

The provision of services to support vulnerable adults and older people is a major priority for councils and accounts for around a quarter of total council spend. This is an area where councils face growing demands due to an ageing population and the increasing complexity of needs experienced by vulnerable adults. It is forecast that the percentage of the population aged 65 or over will rise from 18.1% to 21.1% by 2024.[8] In the face of these increasing demands, councils continue to modernise and transform social care provision to enable increased choice and control in the way that people receive services.

Services are also experiencing major structural changes as council services integrate with services from the National Health Service to create new Health and Social Care Partnerships (HSCPs). The purpose of these major changes is to strengthen the partnership working across public services to help improve outcomes for vulnerable adults and older people.

Home Care Services

Council spend on home care services has been standardised around home care costs per hour for each council. The average spend per hour in 2013/14 was £20.25 with the range in spending going from £11.48 per hour to £36.68 per hour.

Home Care Costs Per Hour for People Aged 65 or Over
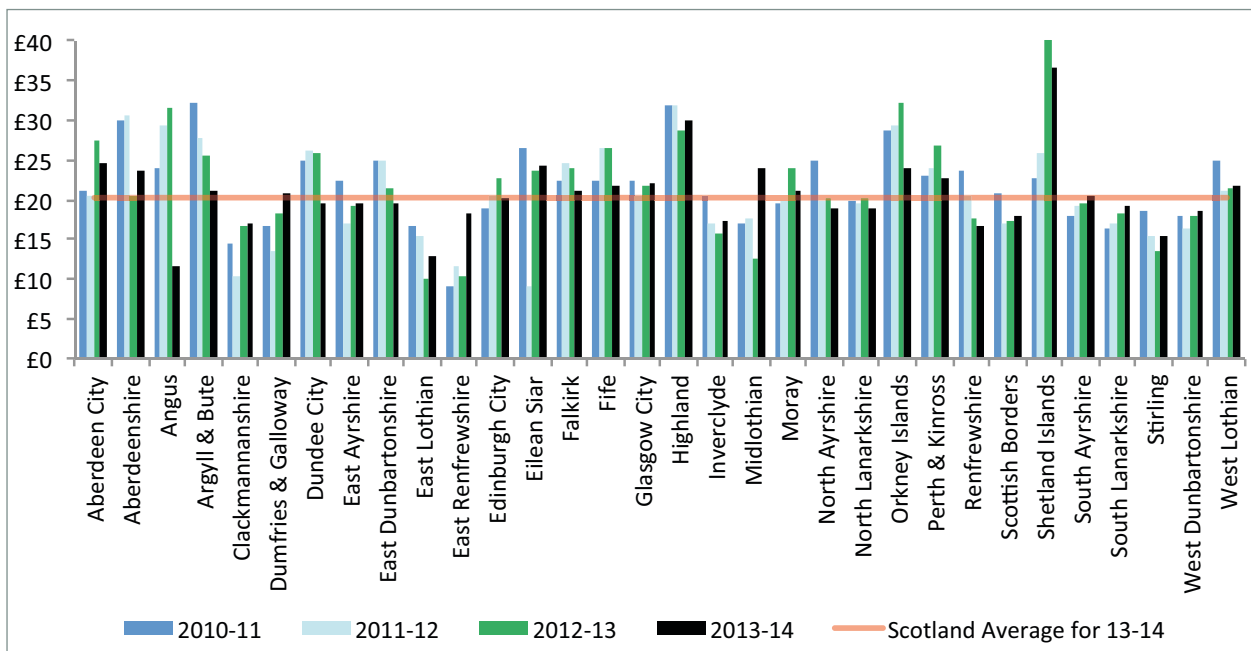
Source: Social Care Survey, Scottish Government; council supplied expenditure figures

In terms of understanding the variability across councils, there is a significant connection between costs per hour and the rural nature of the council, with rural councils on average having higher average hourly costs (£23.70) than urban councils (£19.60). The data does not reveal any significant impact in relation to deprivation or importantly, due to the age structure of the local population where it is often assumed that the older a population group then the higher the costs for service providers. This is not borne out by the data where the relationship between the cost per hour of home care services and the demographic structure of the local population is weak. Of more significance it would appear is the needs profile of the local population which is not simply determined by its age structure.

Overall, there has been a real terms 4.6% reduction in spending per hour on home care for

8   Source: General Registry Office for Scotland

people over 65 since 2010/11. There has been an altered rate of change over the four years however, with a reduction of 4.3% between 2010/11 and 2011/12, a real growth of 3% from 2011/12 to 2012/13 followed by a reduction of 3.2% between 2012/13 and 2013/14. Over the four year period, the reduction in unit costs reflects an increase in hours delivered of 8.3%[9] while gross expenditure has increased by 3.3%.

Home Care Costs Per Hour for People Aged 65 or Over

% Change	Cash	Real
2010/11 - 2013/14	0.6	-4.6
2010/11 - 2011/12	-2.6	-4.3
2011/12 - 2012/13	4.7	3.0
2012/13 - 2013/14	-1.4	-3.2

While there has been an increase in gross expenditure across Scotland, there has been a proportionately greater increase in the number of home care hours delivered. The actual number of people receiving home care has decreased, but the hours they are receiving on average has increased. This reflects the increased complexity of needs being catered for by home care services and the move towards provision focused on personal care rather than the more preventative elements of traditional home-care. The introduction of Telecare for example is likely to have had an impact here, removing the less complex needs from the service. The level of vulnerability across the population is a key factor in driving demand pressures and we will explore with councils how those demands are being met in innovative ways by different councils and share that innovation across all authorities and their respective local partnerships.

There has been a shift from local authority provision to private/voluntary provision during this period (a decrease in local authority provision from 44% to 36%[10]) which has contributed to reduced costs through lower salary and pension costs. In the absence of reliable indicators regarding the outcomes for older people, it is not possible to reflect the relative merits of the two service delivery models. Working with colleagues from HSCPs, Social Work Scotland (SWS), Joint Improvement Team (JIT) and other relevant bodies, addressing this gap will be a priority in the next phase of development.

There are a wide range of further factors which might influence costs, such as the number of clients care workers support, the travel time between clients for workers and the numbers of clients requiring multiple assistance from two or more workers at a time, for example for lifting purposes. It is worth mentioning that 'hours' collected in the Home Care Survey relate to client hours and therefore don't include travel time between visits or staff time when multiple staff are needed to support a client.

The unit cost data presented above needs more detailed examination and improving this indicator will be an area for development in the project going forward. With the shift to self-directed support (SDS) in future it may make more sense to look at cost per client rather than cost per hour as SDS may be used to purchase a much wider variety of services not all of which can be measured in hours.

Direct Payments and Personalised Managed Budgets

Social work services continue to drive forward the use of self-directed support by clients to allow them to purchase their own care directly. The rationale of this is to engender greater client choice to reshape the provision of care by giving clients more control over the budget spent in supporting them. The Self-Directed Support Act was implemented from 1 April 2014,

9   This data reflects revisions Scottish Government have made relating to the number of home care hours and home care clients for 2013.

10   Source: Social Care Survey, Scottish Government

and therefore the data included here reflects the landscape before its implementation. This is an important point and the focus going forward will be on what this indicator might tell us in future following implementation of the bill.

Self-directed support involves a range of options for how social care is delivered empowering people to decide how much ongoing control and responsibility they want over their own support arrangements. These include

- Direct payment (a cash payment).

- The budget is allocated to a provider the person chooses (sometimes called an individual service fund, where the council holds the budget but the person is in charge of how it is spent).

- The local authority arranges the support.

- A mix of the above.

At the moment, the council Local Finance Return includes SDS spend via Direct Payments and Personalised Managed Budgets (PMB).[11] The breakdown of spend available across the four options will become more sophisticated as the approach is fully implemented and this will be reflected in the development of this framework.

In 2013/14 the range in the percentage of social work spend on adults 18+ via SDS (Direct Payments and PMB) as a percentage of total social work spend on adults 18+ was 0.8% to 31%. The Scottish average in 2013/14 was 6.4%. Between 2010/11 and 2013/14 there has been a year on year increase in the percentage of social work spend allocated through SDS, the rate of growth was 4.8%. The majority of this growth occurred in Glasgow where there has been a growth of 30% during the four year period (representing a growth in actual SDS spend from £4.7 million to £106 million). Glasgow City Council was an early adopter of SDS and has already re-assessed all younger adult clients under SDS which explains why they look so different to everywhere else.

Direct Payment Spend as a Percentage of Total Social Work Spend
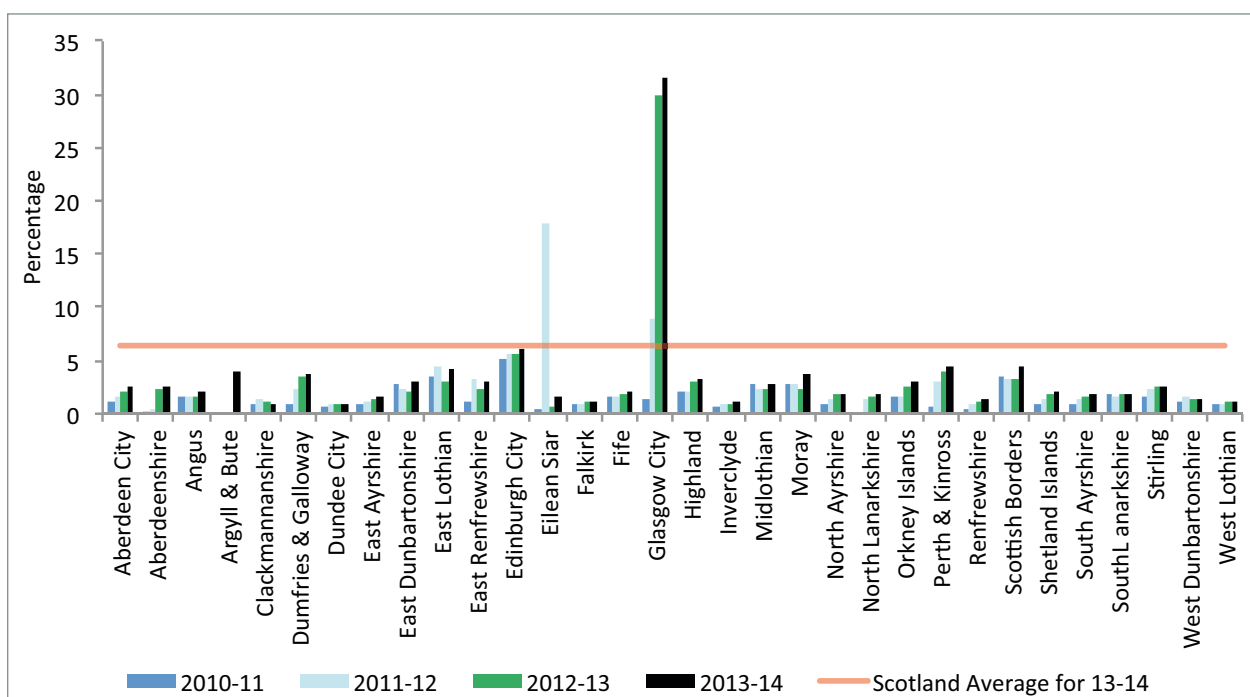
Source: Council supplied expenditure figures
Note: Missing values reflect no data returned for that year

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11   The PMB breakdown was included for the first time in 13/14, and includes only residual expenditure from the personalised budget where it is unknown what support was purchased, i.e. where the council used a third party to arrange services. It does not include where the budget has been used to purchase known services from either the authority or another provider.

While the overall percentage of social work spend via SDS is expected to increase following the implementation of the Self-Directed Support (Scotland) Act from April 2014, the current range between the highest and lowest performance on this measure is such that it will be important to identify service practices that are driving some councils forward at a faster rate than others. In examining the data there seems to be little connection between the data and sparsity or size of the council. There is also no systematic relationship between SDS and deprivation using this measure. However, analysis by Scottish Government examining uptake of Direct Payments and SIMD shows that while there is no clear relationship for the 18-64 adult population, older people living in less deprived areas are more likely to choose direct payments.[12]

We will continue to work with all 32 councils and Social Work Scotland to understand the local practices and the choices of individual councils which are important in driving forward this agenda of client empowerment, both in terms of speed of implementation and also quality of the assessment process.
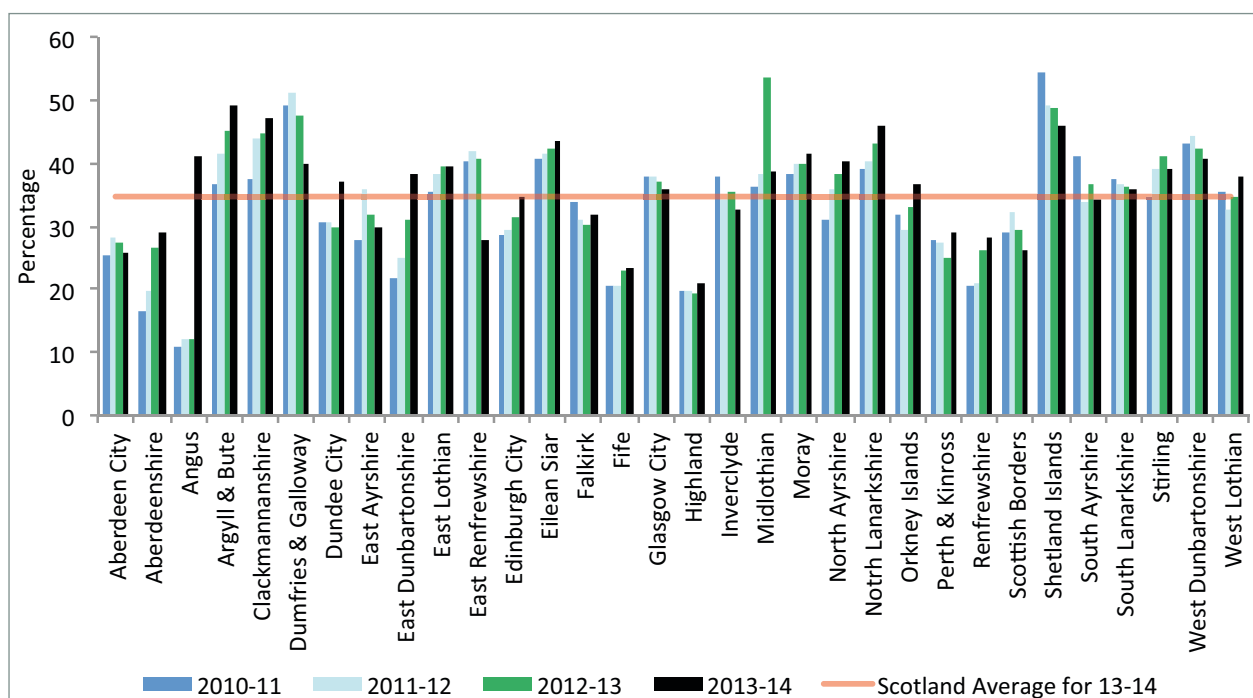
As SDS is rolled out further, it will be important to track the trends across Scotland in relation to take-up of all four SDS options. As all four SDS options are equally valid, there should be no drive to increase one option over another. Further work with SWS, HSCP's and JIT will be necessary in understanding the reasons for variations in the levels of the different options offered across councils. It is worth noting that the continued growth in SDS will have implications for our ability to accurately track where and how resources are spent.

Adults 65+ Intensive Home Care

The third area of social work services covered in the framework is the perentage of adults over 65 with intensive care needs (who receive 10+ hours of support) who are cared for at home. As part of the effort to care for more people in their own home rather than institutional setting such as hospitals this is an area of growing importance.

The percentage of people with intensive needs receiving care at home has increased year on year from 2010/11 to 2013/14. There has been an increase of 2.5 percentage points over the four year period, from 32.2% in 2010/11 to 34.7% in 2013/14.

Percentage of Adults 65+ with Intensive Care Needs Cared for at Home

Source: Social Care Survey, Scottish Government

12   http://www.scotland.gov.uk/Publications/2014/11/1085/6

In 2013/14 the levels receiving care at home ranged from 21% to 49% across councils. Analysis of the data does not reveal any systematic variation across councils according to rurality, council size or deprivation, and therefore further work is required to explore what factors are currently driving these differences across councils.

Year	Percentage of people 65+ with intensive needs receiving care at home
2010/11	32.2
2011/12	33.0
2012/13	34.1
2013/14	34.7

In the period ahead we will work with colleagues from HSCPs, Social Work Scotland, the Joint Improvement Team and other relevant bodies to capture the impacts that home care services can have upon life outcomes for older people. For example the shift to providing more intensive care has seen some of the more preventative services diminish. This leaves the system increasingly the preserve of older people in the most acute need, and may have long term consequences.

We also know that older people from more deprived communities are much more likely to be admitted to hospital over the course of a year on an unplanned basis than older people from more affluent communities. We will work with colleagues across this sector to better understand how the design and delivery of home care services can help prevent those most at risk of unplanned hospital admissions from entering the hospital sector unnecessarily. We will also explore the role residential care plays in reducing unnecessary hospital stays. With care home numbers gradually falling and NHS continuing care also decreasing, the extent to which the capacity in the system will be able to respond to meet the future needs of an aging population will be an area for further exploration. The effective practices we identify in this area will be fully shared with all councils and their local partners in support of their efforts to improve outcomes for older people.

We shall also explore with colleagues how we might strengthen this indicator to capture the changing landscape in home care provision and to understand the trends and variations in outcomes. In particular, recognising 10+ hours of care does not take into account all of the care that a client receives and may not necessarily provide a good proxy for need, consideration will be given as to whether a more useful measure might be included (e.g. the percentage of those with personal care needs who receive care at home as the Scottish Government currently reports).

Residential Care

The fourth social work area covered by the framework is the net cost of residential services. The measure has been standardised by looking at residential costs per week per resident for people over the age of 65.

In 2013/14, the average cost across Scotland was £368 per week per resident, down 3% from £380 in 2012/13. Analysis of the data reveals considerable levels of variation across councils with island councils in particular reporting significantly higher costs. When island councils are excluded, costs ranged from £194 to £467. There are no systematic patterns in costs in relation to population sparsity, size of council or level of deprivation when island councils are excluded from the analysis.

Older Persons (over 65s) Residential Costs Per Week
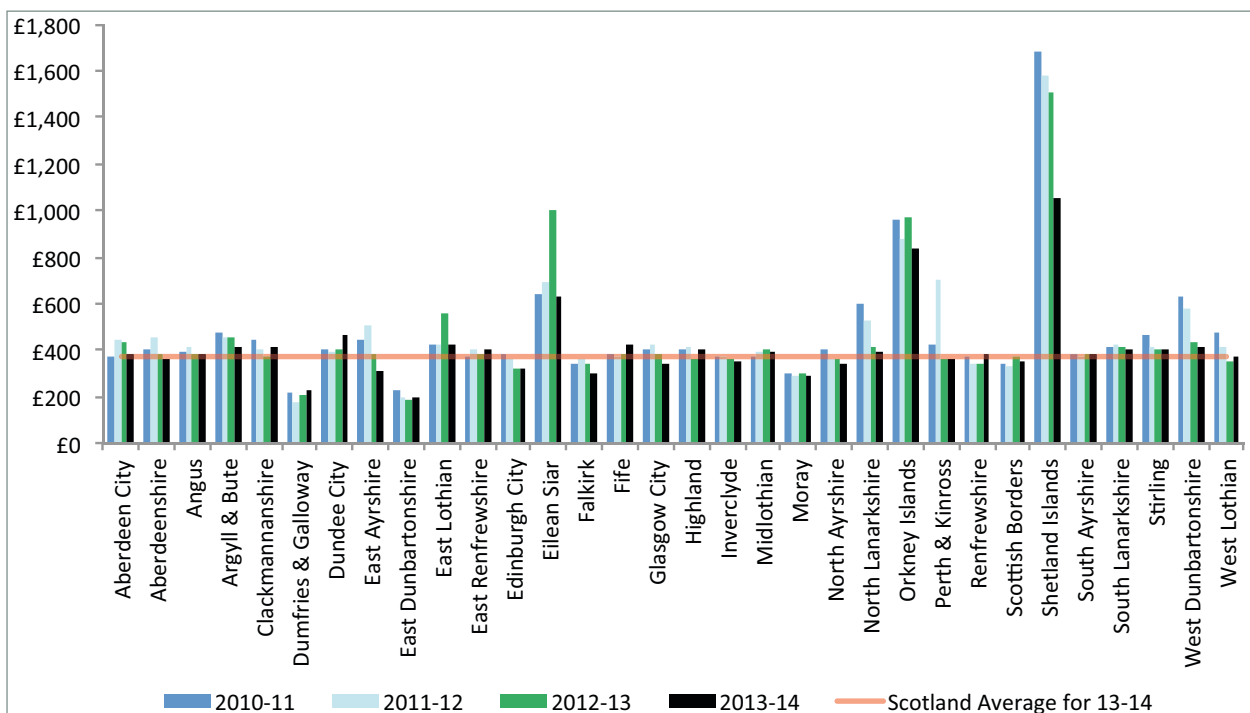
Source: Community Care Quarterly Key Monitoring Return, Scottish Government; council supplied expenditure figures

It is important to note that the figures for 2012/13 and 2013/14 have in agreement with the local government Directors of Finance excluded a Support Cost component which was included in 2010/11 and 2011/12, and therefore a direct comparison with costs from earlier years is not possible.

Residential Care Costs Per Week for People over 65

% Change	Cash	Real
2012/13 - 2013/14	-1.3	-3.0

While the number of adults supported in residential care homes has increased slightly by 0.6% in the last 12 months, there has been a 2.5% reduction in real gross expenditure. As with home care, the reduction in costs across Scotland may to some extent reflect the continued shift from local authority provision to more private and voluntary sector provision (1.2% reduction in proportion of residents in local authority provision last year).[13]

Net expenditure on residential care is defined as gross expenditure minus income. Up to and including 2014/15, the National Care Home Contract (NCHC) for residential care for older people will, to a large extent, have standardised costs. However, it is important to note that the net cost per resident will not equate to the NCHC rate. The NCHC rate only applies to local authority-funded residents who are in private and voluntary run care homes. Residential care costs however include net expenditure on:

- The net cost of any local authority-funded residents (this will be based on the NCHC).

- The net cost for self-funders (There are around 9,500 self-funders receiving Free Personal Care payments; around two-thirds also receive the Free Nursing Care payment).

- The net cost of running any local authority (LA) care homes (this will be gross cost less charges to residents). These will not equate to the NCHC rate and not all LAs run their

13   Source: Scottish Care Home Census, Scottish Government

own care homes so this may be something to explore further when examining differences across councils.

Therefore if we compare net expenditure with all long-stay care home residents (private/voluntary and local authority) we would expect the average rate to be lower than the NCHC rate.

Net expenditure is affected by income, and therefore by the ability of residents to contribute to the costs of their care, and the extent to which other sources of income, such as NHS Resource Transfers, are counted as a contribution to the local authority's costs for providing or funding care home placements. While variations in net expenditure between councils might be expected to be affected by variations in the numbers of eligible wealthier older people in care homes for whom the council is paying free personal and nursing care since these will cost less per week than full-funded LA care home placements, the data reveals no systematic relationship between costs and the percentage of self funders or percentage of publicly funded places.

The use of care homes for older people is changing and in future more emphasis will be given to use for rehabilitation and short-stays. Once again we will work with social work colleagues and other relevant bodies to better understand the reasons behind the variations across council areas; how different local partnerships including social work services are responding to the challenges around residential care services and to support the services in sharing effective good practices across Scotland.

Percentage of Adults Satisfied with Social Care or Social Work Services

The overall Scottish average satisfaction rate in 2010/11 was 62% and in 2013/14 this had reduced to 55%. The range across Scotland is from 41% to 85%, with the highest levels of satisfaction in island councils, each above 70%. Analysis of the data reveals there is no systematic pattern in relation to size of council, sparsity or deprivation in relation to satisfaction figures.

The reduced satisfaction levels may reflect the challenges social work services are facing in responding to rising demand for social care from increasing numbers of older people and disabled adults, and increasing patient discharges who need adult care support – all against a backdrop of budget constraints. This highlights the current pressure on councils, despite the fact that most continue to prioritise social care budgets, alongside other priorities such as education.

Year	% Satisfied
2010/11	62
2012/13	57
2013/14	55

Once again, this satisfaction data is drawn from the Scottish Household Survey (SHS). While this data is proportionate at Scotland level, it is acknowledged there are limitations at local authority level in relation to the very small sample sizes and low confidence levels. We will continue to work with colleagues across councils and within Scottish Government to develop an improved measure of customer/resident satisfaction which is comparable at local authority level.

Developing the section of the benchmarking framework relating to adult social care measures has been agreed as a key priority for development in the coming years, particularly the development of outcome measures. In conjunction with Social Work Scotland (SWS) we will link into current work being undertaken to agree outcome measures for health and social care integration. We will report on these developments in future years.

# Culture and Leisure

Sports Facilities

Culture and leisure services are an important local service making a significant contribution to the quality of life in local communities and they also play an ever more vital role in terms of supporting better health across the whole population.

The data presented below illustrates the unit costs of indoor and outdoor sports and recreation facilities. The figures cover costs for swimming pools, sports halls and leisure centres, running tracks, skating rinks, tennis courts, football pitches and golf courses.

Over the four year period from 2010/11 to 2013/14 the average cost per visit fell from £4.88 to £3.84 in real terms. In percentage terms this represents a 21.3% reduction. The rate of reduction has slowed from 11.8% in real terms in 2010/11 to 2011/12, to 9.7% between 2011/12 to 2012/13, to only 1.1% in 2013/14.

The cost per attendance figures on their own do not give a complete picture of what has been happening in sports services over the last four years. Significant increases in visitor numbers for sports facilities (up 17.3% since 2010/11) have been achieved against a backdrop of reductions in gross expenditure (7.6%).

**Sports Facilities: Change in Total Spend and Cost Per Visit 2010/11 - 2013/14**
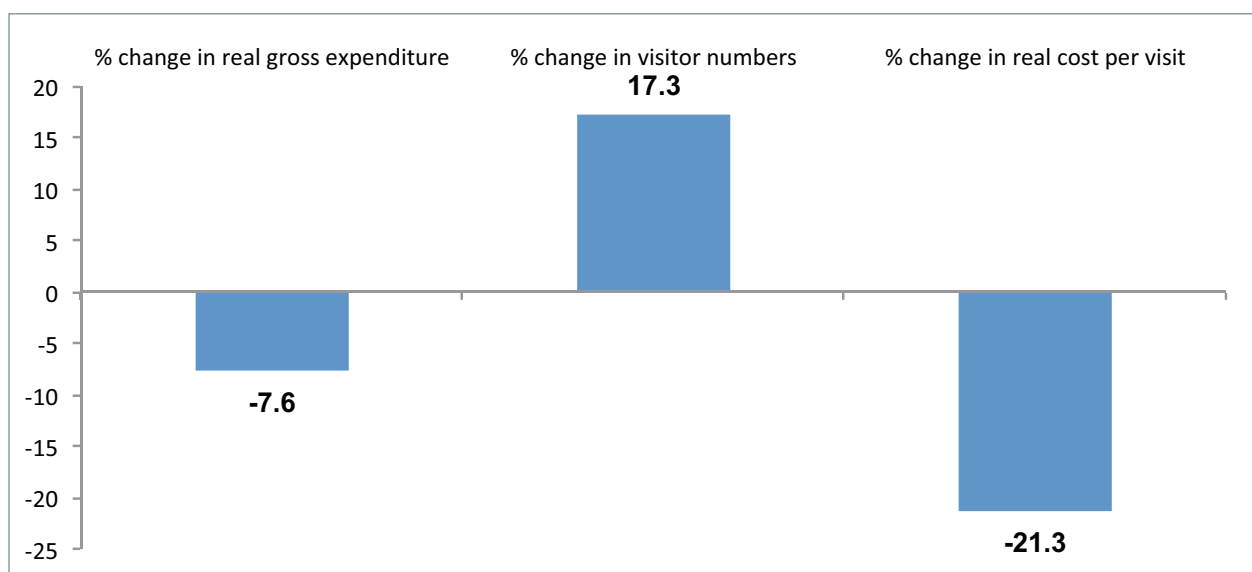
Source: Council supplied expenditure and visitor figures

The significant increase in user numbers while the unit cost of sports attendances has fallen indicates that leisure and recreation services have managed to attract more people into using their facilities and to do so while managing significant financial pressures. A key factor here is the significant capital investment programme in sports facilities across Scotland 10 years ago which is now bearing fruit and resulting in increased user numbers.

With respect to the cost to each council of an attendance at a sports facility, in 2013/14 the range in cost per visit was £1.11 to £10.43. The average cost per visit across Scotland was £3.84. There is a clear effect of population density, with urban councils typically having lower cost per visit than rural equivalents (£3.11 compared to £4.20). In rural areas the costs involved in providing the service to smaller populations dispersed over larger areas pushes costs up in comparison to densely populated parts of the country.

Cost Per Attendance at Sports Facilities

Legend: 2010-11 | 2011-12 | 2012-13 | 2013-14 | Scotland Average for 13-14
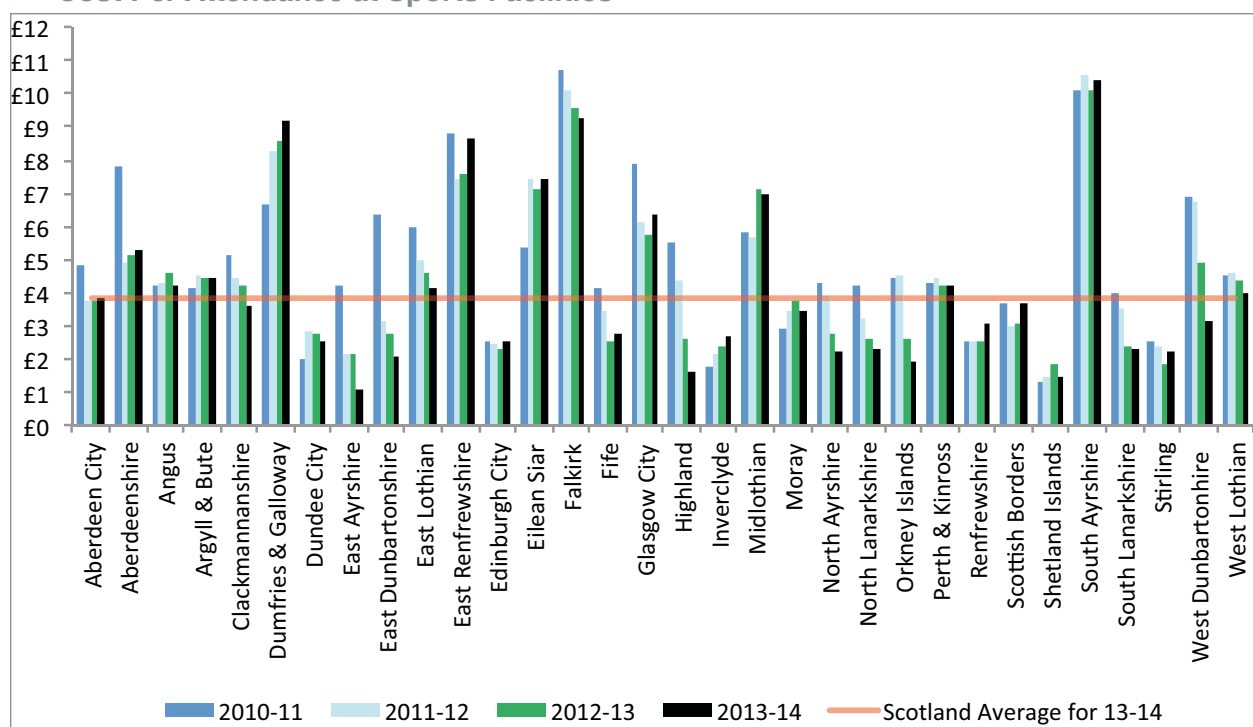
Source: Council supplied expenditure and visitor figures

The picture across councils with respect to the general trend is not universal. Work will start shortly within family groups to explore these trends more fully and identify and share the good practices of those councils who have increased visitor numbers by significant amounts while reducing their costs. A feature of particular interest within these discussions will be the range of service delivery models operating within local government with some councils choosing to establish arm's length trusts to manage their sports services while some retain the whole service in-house. The extent to which different service delivery models are able to explain variations in costs or productivity will be explored and reported on in a future report.

Library Services

Library costs are represented as the average cost per library visit. There has been a year on year reduction in unit costs. The average cost per library visit in 2013/14 was £2.71, while in 2010/11 the cost per visit was £3.80. In real terms, this represents a reduction of 28.8% over the four year period. In contrast with other culture and leisure service areas, the rate of reduction has increased in the last year, with a reduction of 19.9% compared to 5% in 2011/12 to 2012/13, and 6.5% between 2010/11 and 2011/12.

As with sports services unit cost figures on their own do not tell the full story of the last four years for library services. Over the four year period covered by the LGBF, gross spending on library services across Scotland fell by 9.9%. At the same time, visitor numbers increased across the country by 26.6%, with the largest increase occurring in the las 12 months when visitor numbers increased by 21.9%.

Again this indicates, that against a difficult financial backdrop, council services have achieved a growth in people using the service and as a consequence reduced the unit cost per visit to the council by a substantial margin. This shows that decisions around the rationalisation of local services have been implemented intelligently and rather than reduce access, the sector has been successful in increasing visitor numbers over the period. Key factors underpinning this increase in usage numbers include the increase in virtual visits, use of public access computers and mapping of opening times to user demand. As with sports attendance the picture across councils with respect to the general trend is not universal. We will capture and share the good

practices of those councils who have increased visitor numbers by significant amounts while reducing their costs.

Libraries: Change in Spend, Visitor Numbers and Cost Per Visit 2010/11 - 2013/14
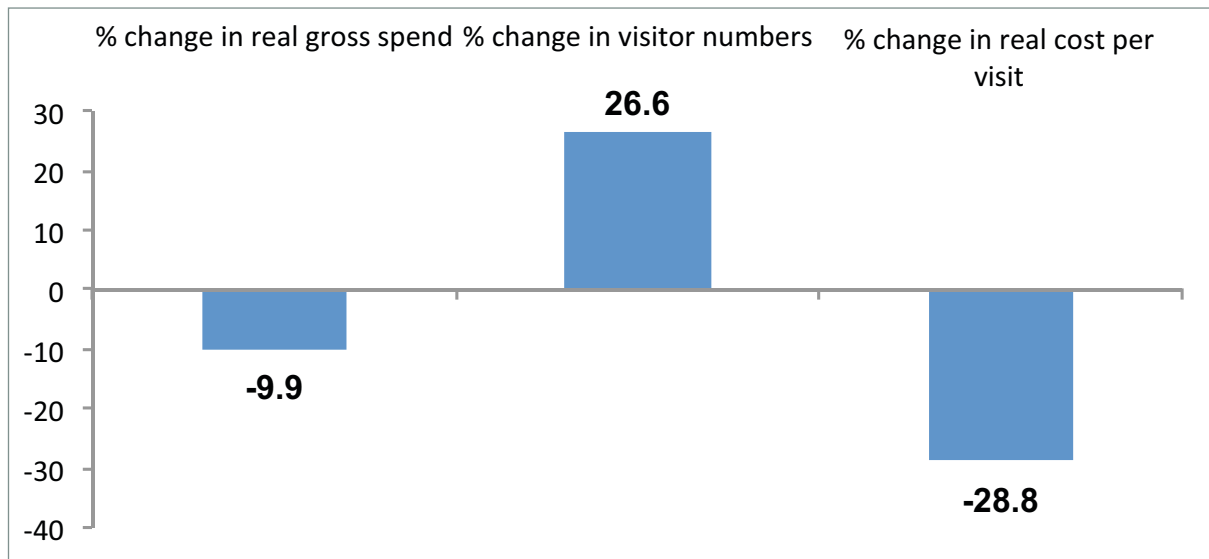
Source: Council supplied expenditure and visitor figures

The range in cost per library visit in 2013/14 was £1.37 to £6.95. Similarly to sports costs, there is a clear effect of population density, with urban councils typically having lower cost per visit (£3.22 on average) than rural equivalents (£4.05 on average). Again, in rural areas the costs involved in providing the service to smaller populations dispersed over larger areas pushes costs up in comparison to densely populated parts of the country.

Cost Per Library Visit
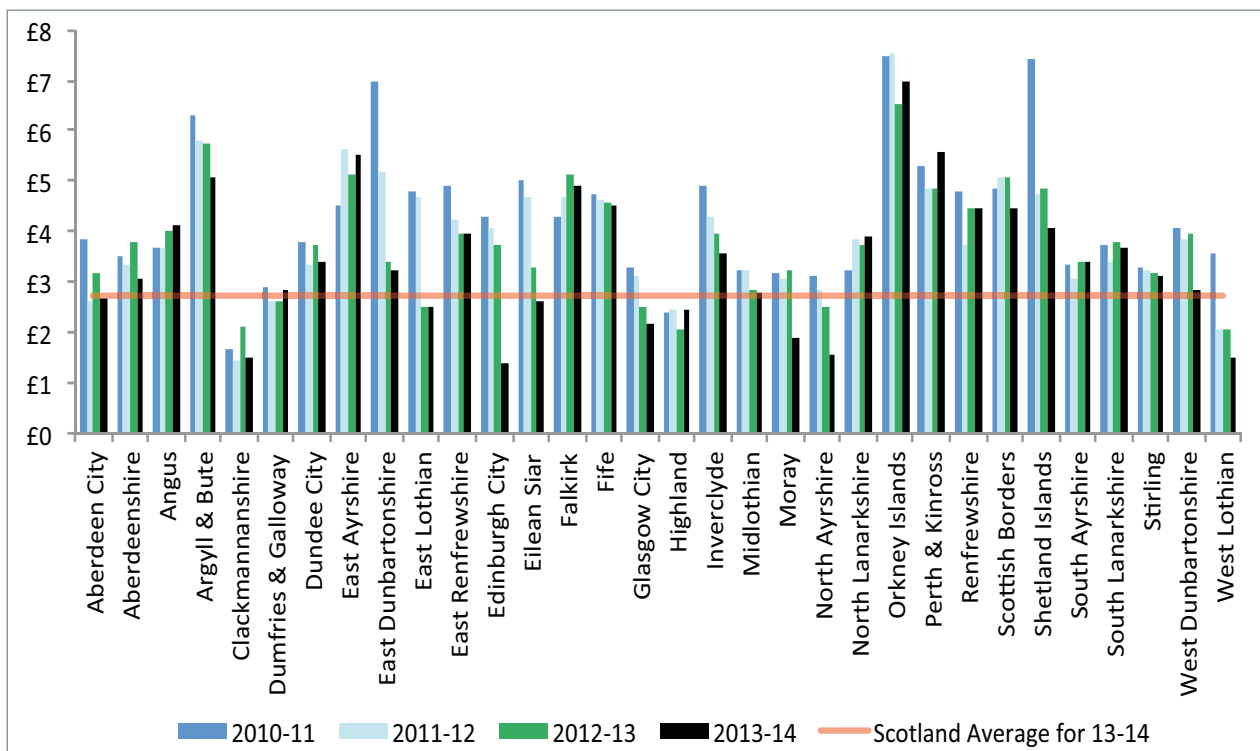
Source: Council supplied expenditure and visitor figures

Museum Services

With respect to Museum services, similar patterns occur as with library and sports services in relation to falling unit costs accompanied by increasing visitor numbers. Over the four year period this represents a reduction of 27.2% in cost per visit in real terms, with most of this reduction (22.8%) taking place between 2010/11 and 2011/12. In recent years, a small growth in real unit costs of 1.9% between 2011/12 and 2012/13 has been followed by a reduction in costs last year of 7.4%.

As with other leisure and recreation services, the high level data only tells part of the story of what has been changing in museum services over the four year period. The average spending on museum services across Scotland has fallen by 8.4% since 2010/11 but in the same period visitor numbers have increased by 25.8%. The combined effect of this increase in the productive use of the service has been to reduce significantly the unit cost as measured by the cost per visit indicator.

Museums: Change in Spend, Visitor Numbers and Cost Per Visit 2010/11 - 2013/14
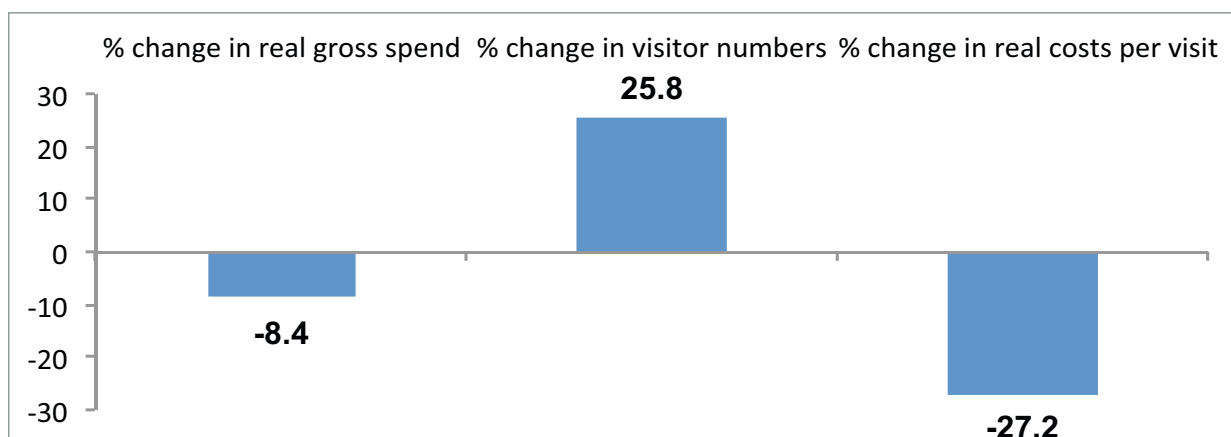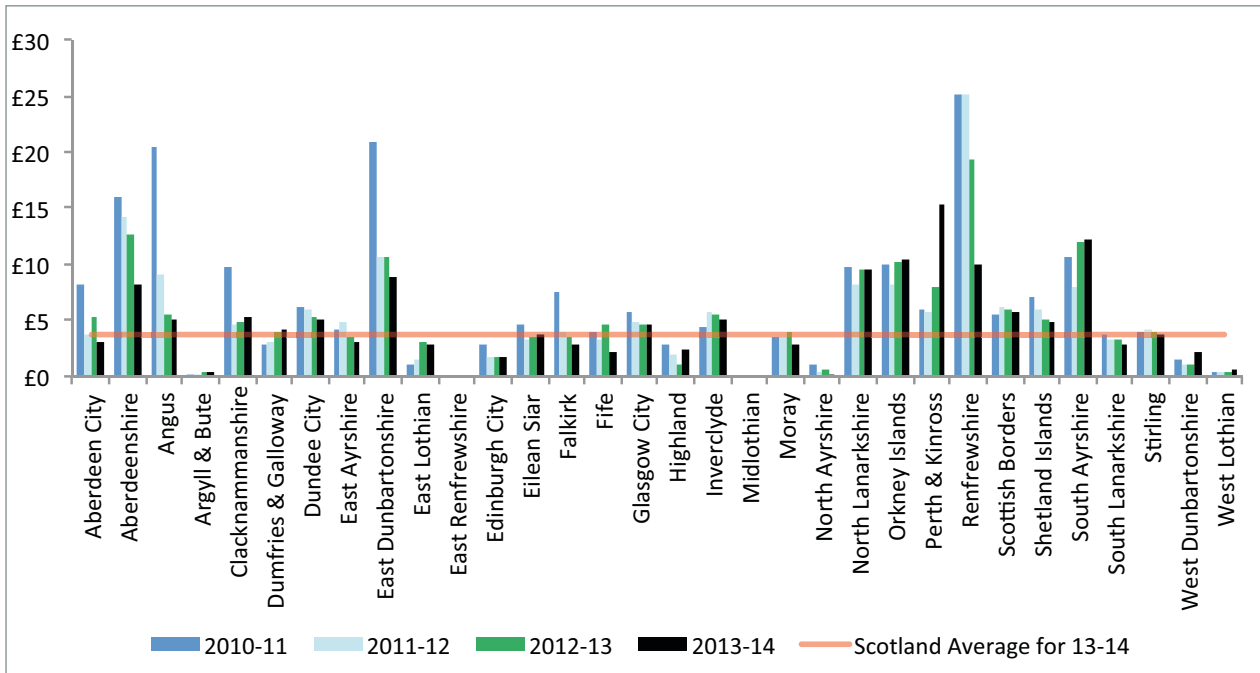

Source: Council supplied expenditure and visitor figures

Further exploration is required to understand the factors behind increased museum use; however increased promotion of exhibits, increased virtual visits, and more robust footfall counting procedures may be contributing. As with sports and libraries attendance, the picture across councils with respect to the general trend is not universal. We will capture and share the good practices of those councils who have increased visitor numbers by significant amounts while reducing their costs.

In 2013/14 the range in cost per visit was from £0.16 to £15.31 and the Scottish average cost per visit was £3.72. The data reveals no systematic cost per visit patterns in relation to sparsity, size of council or deprivation.

Cost Per Museum Visit

Source: Council supplied expenditure and visitor figures
Note: Missing values for East Renfrewshire and Midlothian reflect no council provided museum service

Parks and Open Spaces

In terms of parks and open spaces the information suggests that the geographical nature of the area a council covers is the most important point in shaping the cost of providing the service.

Cost of Parks and Open Spaces Per 1000 Population
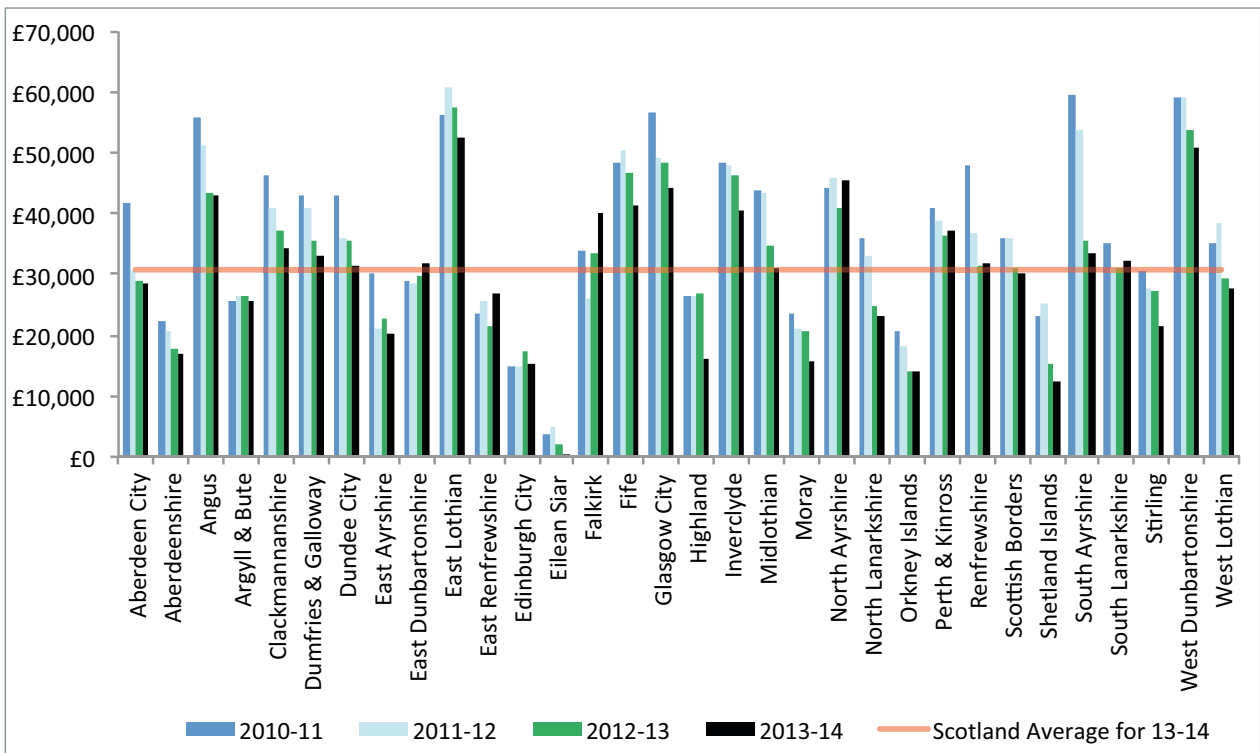
Source: Mid-year population estimates, National Records Scotland (NRO); Council supplied expenditure figures

In 2013/14 the Scottish average of the service measured on a per 1000 population basis was £30,786, the range in cost was from £584 to £52,486. Over the four year period from 2010/11 to 2013/14 the change in real terms was -19.9%. The rate of change has remained consistent across the four year period, with a 7.7% real terms reduction in 2010/11 to 2011/12, a 7.3% reduction between 2011/12 and 2012/13, and a 6.3% reduction between 2012/13 and 2013/14.

% Change	Cash	Real
2010/11 - 2013/14	-15.5	-19.9
2010/11 - 2011/12	-6.1	-7.7
2011/12 - 2012/13	-5.8	-7.3
2012/13 - 2013/14	-4.6	-6.3

In examining the data, rural councils typically have lower costs (£17,083 on average) but councils covering a semi-rural area have typically the highest costs (£32,837 on average). This is largely down to the concentration of open space in more urban areas meaning that the cost to maintain those spaces is reduced as a result and in rural areas there is less publicly maintained open space. In semi-rural areas though there are urban communities requiring access to open space but these facilities will be dispersed across a much wider geography than in a purely urban council area and so higher costs to semi-rural councils are evident. The absence of a quality measure to control for trends in spend is an area we will work with colleagues to address going forward.

Percentage of Adults Satisfied With Culture and Leisure Services

Year	Leisure % satisfied	Libraries % satisfied	Museums % satisfied	Parks % satisfied
2010/11	75	84	76	83
2012/13	80	83	78	86
2013/14	78	81	76	86

Satisfaction levels for all areas of culture and leisure remain high at above 75%. However, for leisure facilities, libraries and museums, satisfaction levels reduced in the last 12 months. There are no obvious effects of deprivation, sparsity or council size on satisfaction levels in relation to culture and leisure services.

As noted previously, this satisfaction data is drawn from the Scottish Household Survey (SHS) and while this data is proportionate at Scotland level, there are limitations at local authority level in relation to the very small sample sizes and low confidence levels. We will continue to work with colleagues across councils and within Scottish Government to develop an improved measure of customer/resident satisfaction which is comparable at local authority level.

Environmental Services

Waste Collection

In examining the cost of waste collection services across councils we had previously gathered information on the basis of the gross cost of collection on a per premise basis. We are now moving to a measure on the net cost of waste collection per premise. This development is in recognition of the increased efforts of councils to recycle waste which generates additional costs to the service but also an additional revenue stream as recycled waste is sold by councils into recycling markets. Below we report the gross costs of waste collection over the four year period and for 2012/13 and 2013/14 we also report the net cost of the service. In future years we will replace the gross cost per premise data with the net cost data.
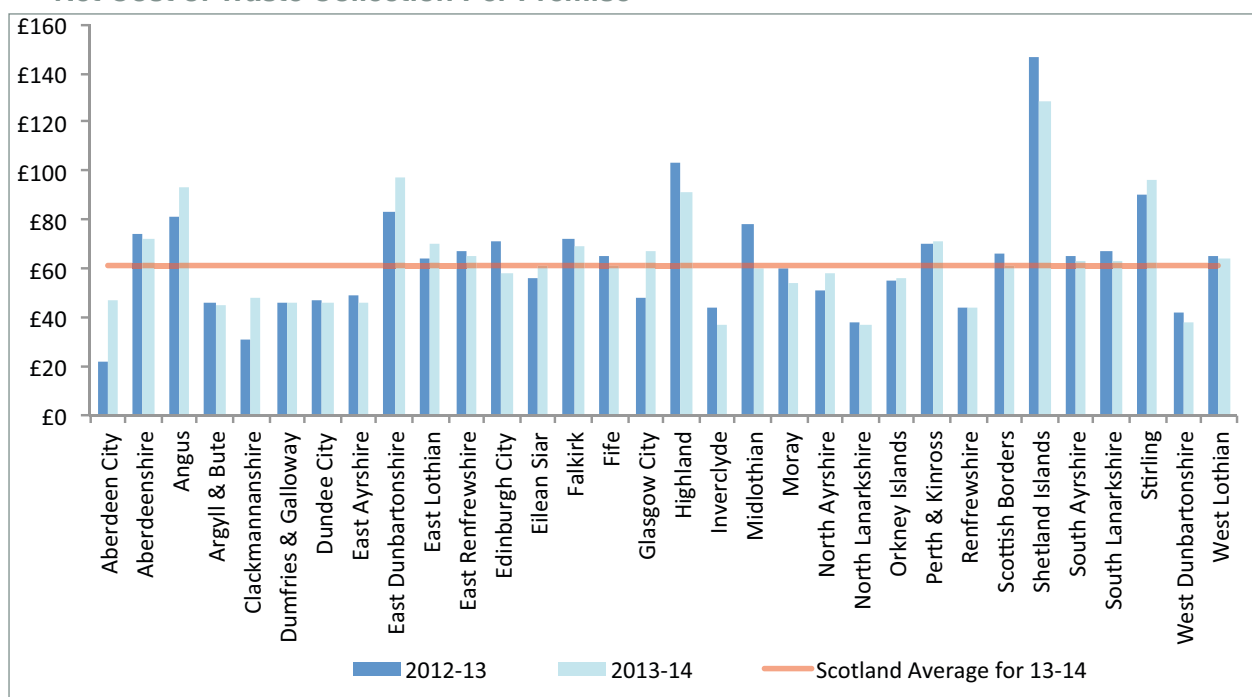
Gross Cost of Waste Collection Per Premise
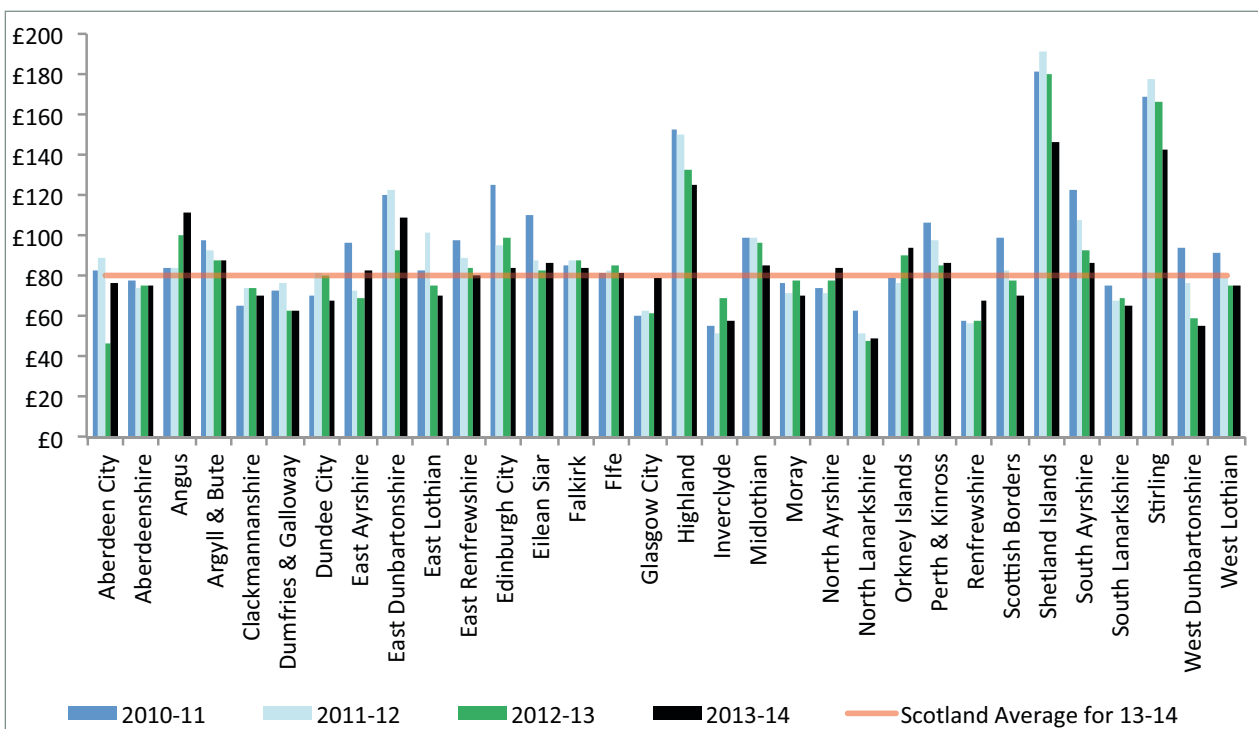
Source: Council supplied figures

In 2013/14 the Scottish average cost (**gross**) of waste collection per premise was £79.88 but in **net** terms the average cost per premise was £61.29. The range in 2013/14 across Scotland on a gross basis was from £48.55 to £146.66. This range is however distorted by the impact of factors such as rural sparsity or the tenemental structure of local housing on the service. Across rural councils the average gross cost per premise was £86.13, in urban councils it was £76.04 and in semi-rural councils it was £80.97.

When the figures are examined on a net basis the same broad trend occurs with urban councils delivering the service at a lower cost. The average among urban councils was £47.08, among rural councils £61.26 and in semi-rural council areas £61.73. Within each grouping of councils there remains significant variation in both the gross and net costs.

The reasons behind this variation and the identification and sharing of good practice are currently being explored within family groups. Some of the factors identified to date involve differences in investment cycles, collection programmes and frequencies, timescales for the roll out of food waste collection and investment in front line service infrastructure.

Net Cost of Waste Collection Per Premise

Source: Council supplied figures

Over the four year period from 2010/11 to 2013/14 the Scottish average cost per premise for waste collection (on a Gross basis only) reduced by 10.1% in real terms. The rate of annual reduction in cost has been relatively steady over the first three years at around 6% reduction per annum in real terms, however in the past year, there has been a small real terms growth of 0.8%. Similarly, in relation to net costs, in the last year there has been a growth in costs of 1.8%.

Work in family groups has identified the more efficient use of assets and resources as key factors driving the overall reductions in relation to collection costs. Examples include 'route optimisation' software systems saving costs on vehicles and employees, and changes in working practices (e.g. shift-working, zonal working, weekend working). The move to three or four weekly refuse collections was also cited as a factor here. Given the rate of reduction has slowed in the past 12 months, this indicates that cost saving exercises may have 'bottomed out' and it may be that lesser cost savings, if any, are available in future years.

Gross Cost Waste Collection Per Premise

% Change	Cash	Real
2010/11 - 2013/14	-5.3	-10.1
2010/11 - 2011/12	-3.9	-5.6
2011/12 - 2012/13	-4.0	-5.6
2012/13 - 2013/14	2.7	0.8

Net Cost Waste Collection Per Premise

| % Change	Cash	Real
2012/13 - 2013/14	3.7	1.8

Waste Disposal

As with waste collection we are able to report both the **gross** and the **net** cost of disposal per premise. In future years as the net cost data builds up we will move towards reporting this figure alone. The graphs below report the gross and net cost per premise since 2010/11 to 2013/14.

Gross Cost of Waste Disposal Per Premise
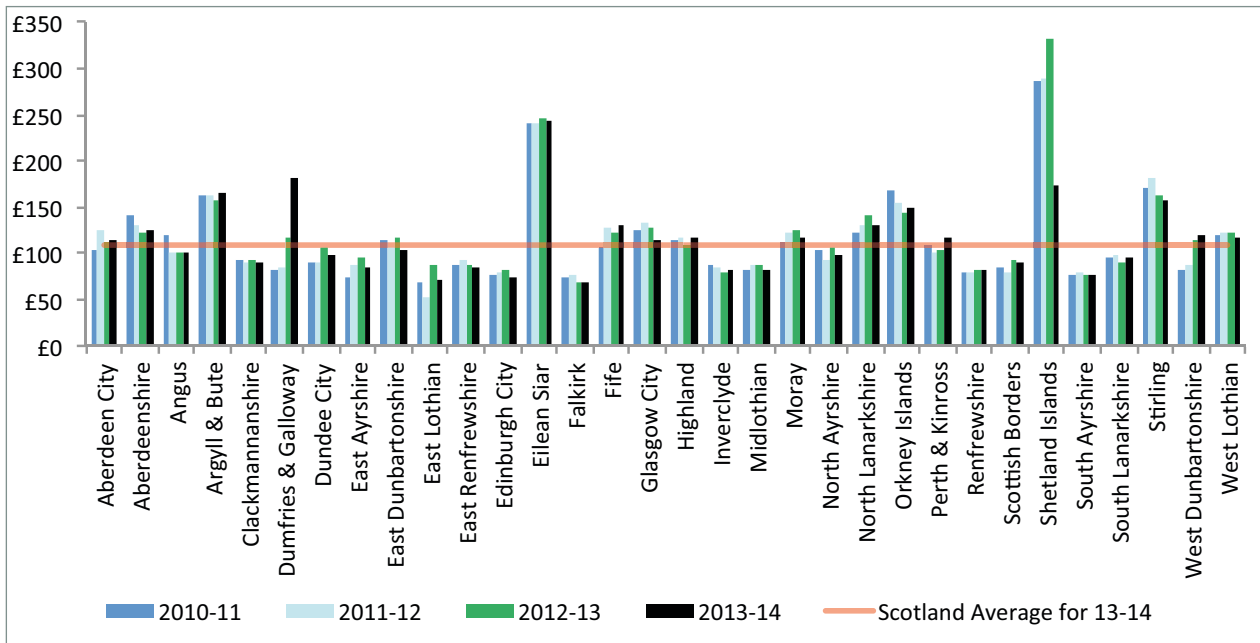
Source: Council supplied figures

Net Cost of Waste Disposal Per Premise
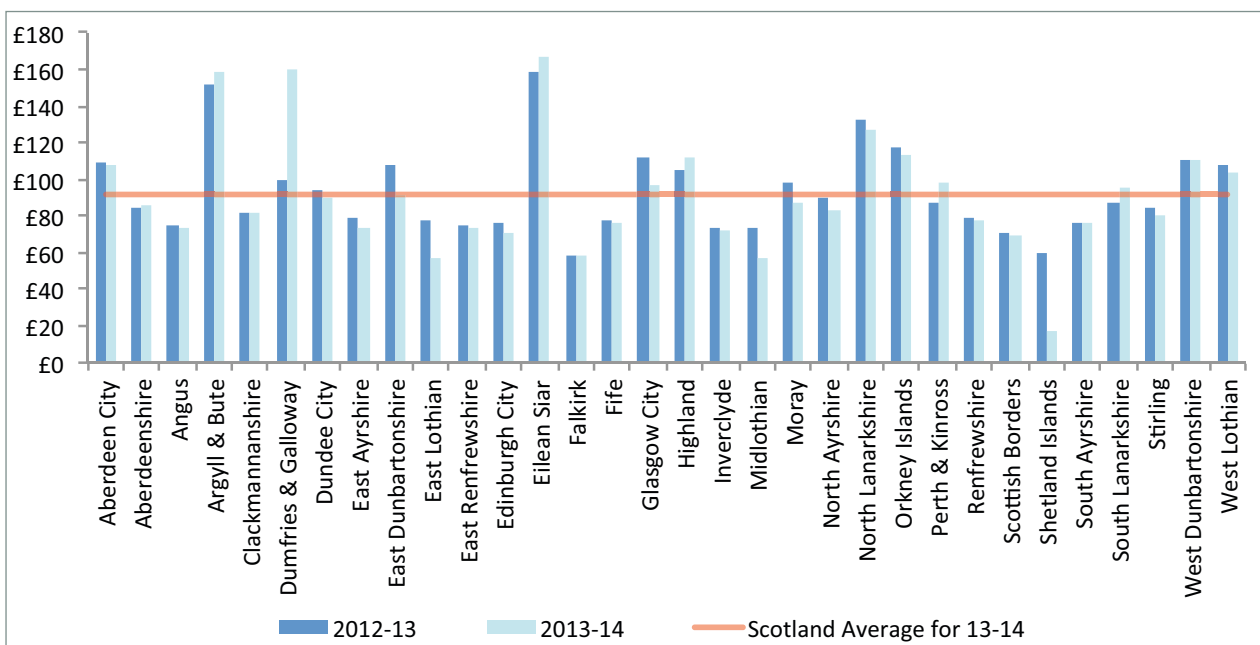
Source: Council supplied figures

In 2013/14 the Scottish average **gross** cost of waste disposal per premise was £108.76 while in **net** terms the cost was £91.80. The range across councils for gross costs was from £67.41 to £242.49. The average gross cost for urban councils was £102.47, for rural councils it was £149.03 but in semi-rural council areas it was £94.03. On a net basis the figures for 2013/14 were £90.81 for urban councils, £112.16 for rural councils and £75.95 for semi-rural council

areas. In both cases the island councils typically face higher costs due to the geography of the island communities and the associated costs of supporting the local populations within the islands.

Some variation between councils may reflect the fact that a small number of councils still have landfills which will require investment up to and beyond their closure dates over the next seven years. However, given the wide range of costs across councils, even councils of the same type, there would appear to be scope for sharing best practice and making significant efficiencies in this service. Generating understanding of the reasons behind the variations in both the gross and net costs of waste disposal and the exchange of good practice across all councils will be a priority in the year ahead for the project.

Over the four year period from 2010/11 to 2013/14 the Scottish average **gross** cost of waste disposal has increased in real terms by 2.5%, from £106.07 in 2010/11 to £108.76 in 2013/14. The rate of increase has slowed in recent years and in the past year there has actually been a real terms reduction of 1.7% in gross costs. Similarly, in the last year there has also been reduction in **net** costs of waste disposal, falling by 2.3% in real terms. The nationwide reduction in waste arisings, in part due to the recession and austerity measures, may account for some of the fall in waste disposal costs in the last 12 months.

Gross Cost Waste Disposal Per Premise

% Change	Cash	Real
2010/11 - 2013/14	8.1	2.5
2010/11 - 2011/12	4.7	2.9
2011/12 - 2012/13	3.1	1.4
2012/13 - 2013/14	0.1	-1.7

Net Cost Waste Disposal Per Premise

% Change	Cash	Real
2012/13 - 2013/14	-0.5	-2.3

Waste Recycling

Over recent years councils have put greater emphasis on the recycling of waste in compliance with the National Zero Waste Plan[14]. Recycling rates continue to improve across Scotland from 41% in 2011/12 to 42.2% in 2013/14 as efforts are made to achieve Scotland's Zero Waste 60% household waste recycling target by 2020.

The range in recycling rates achieved is significant, ranging from 12.2% to 59.9% in 2013/14. Shetland Council is a significant outlier here with significantly lower recycling rates. Given its costly shipping costs due to its geographical location, Zero Waste Scotland reported that Shetland's Best Practice Environmental Option (BPEO) is to burn materials that are recycled by other councils (paper, card, plastic) and only textiles, cans and glass are to be recycled.

Rural councils achieved on average a rate of 35.8%, urban councils achieving an average of 42.3% and semi-rural area councils achieving an average of 50.1%. Within these groups it would seem that in general medium-sized, mixed area councils achieve the highest rates of recycling. The reasons behind this are being further explored within family groups. Further exploration is also ongoing to better understand the linkages between waste collection, disposal and recycling and the good practices being employed in some councils will be fully shared across all authorities.

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14   http://www.scotland.gov.uk/Publications/2010/06/08092645/0

Satisfaction levels for waste collection remain extremely high at above 80%, with levels increasing since the base year. It is of interest here that the service restructuring that has been introduced including for example, reductions in collections frequencies, do not appear, in broad terms at least, to have had a detrimental impact on public satisfaction with the service.

As noted previously, this satisfaction data is drawn from the Scottish Household Survey (SHS). While this data is proportionate at Scotland level, it is acknowledged there are limitations at local authority level in relation to the very small sample sizes and low confidence levels. We will continue to work with colleagues across councils and within Scottish Government to develop an improved measure of customer/resident satisfaction which is comparable at local authority level.

Percentage of Household Waste Arising that is Recycled
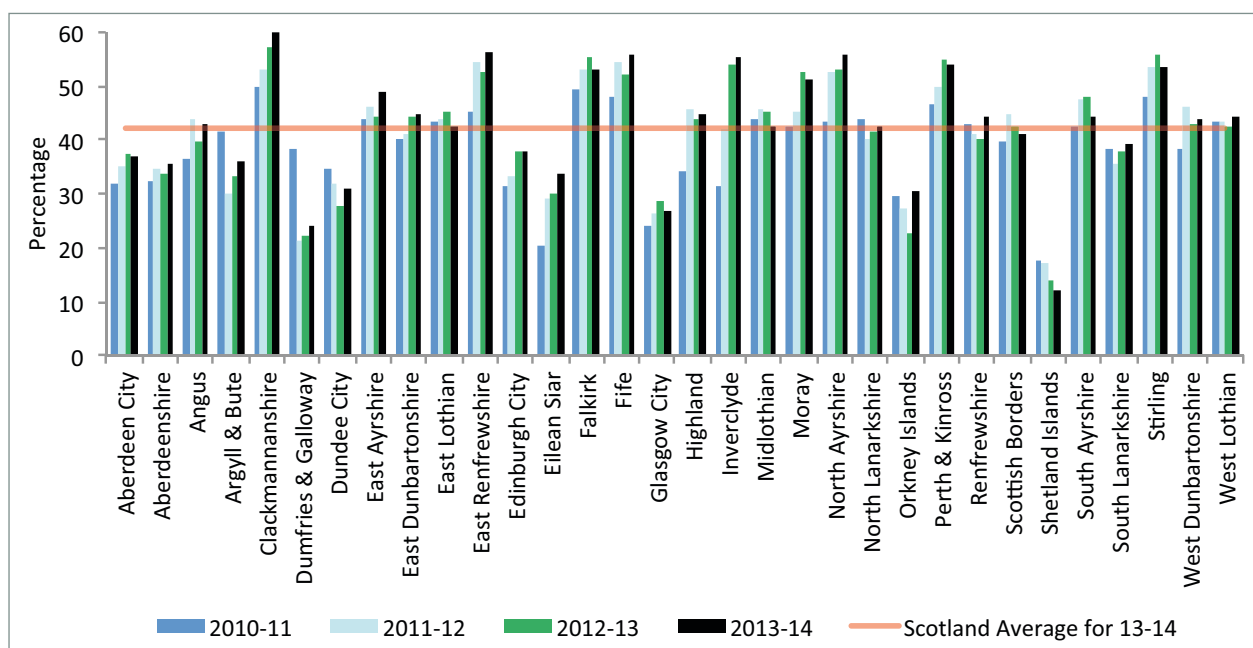
Source: WasteDataFlow, Scottish Environment Protection Agency (SEPA)

Percentage of Adults Satisfied with Waste Collection

Year	% Satisfied
2010/11	81
2012/13	83
2013/14	83

Street Cleaning

The cleanliness of Scotland's streets remains a priority for councils both in terms of improving the appearance of our streetscapes but also in terms of environmental improvements in the quality of people's lives.

Street cleanliness is presented using the Street Cleanliness Score, which is produced by Keep Scotland Beautiful[15] and measures the percentage of areas assessed as 'clean' rather than completely litter free sites (considered impractical in areas of high footfall) and allows authorities to tackle litter problem areas to achieve better results.

The Scottish average for both the cleanliness score and satisfaction with street cleaning has

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15   http://www.keepscotlandbeautiful.org/

increased over the four year period from 95.4% to 96.1% and from 73% to 74% respectively. Both the cleanliness score and satisfaction with cleanliness were lower in urban areas.

Over the same four year period the Scottish average for net cost of street cleaning has reduced in real terms by 25.4%. This rate of reduction has increased in recent years from 4.1% in real terms from 2010/11 to 2011/12 to 11% and 12.5% in more recent years. The introduction of shift working, a decrease in staff numbers and maximising the use of assets has driven these reductions across many councils.

The range across councils varies significantly (from £7271 to £29,317) with the Scottish average at £15,617. There are significantly higher costs in urban areas, £17.036 on average, compared to £12,672 in rural areas.

Street Cleanliness Score (%)
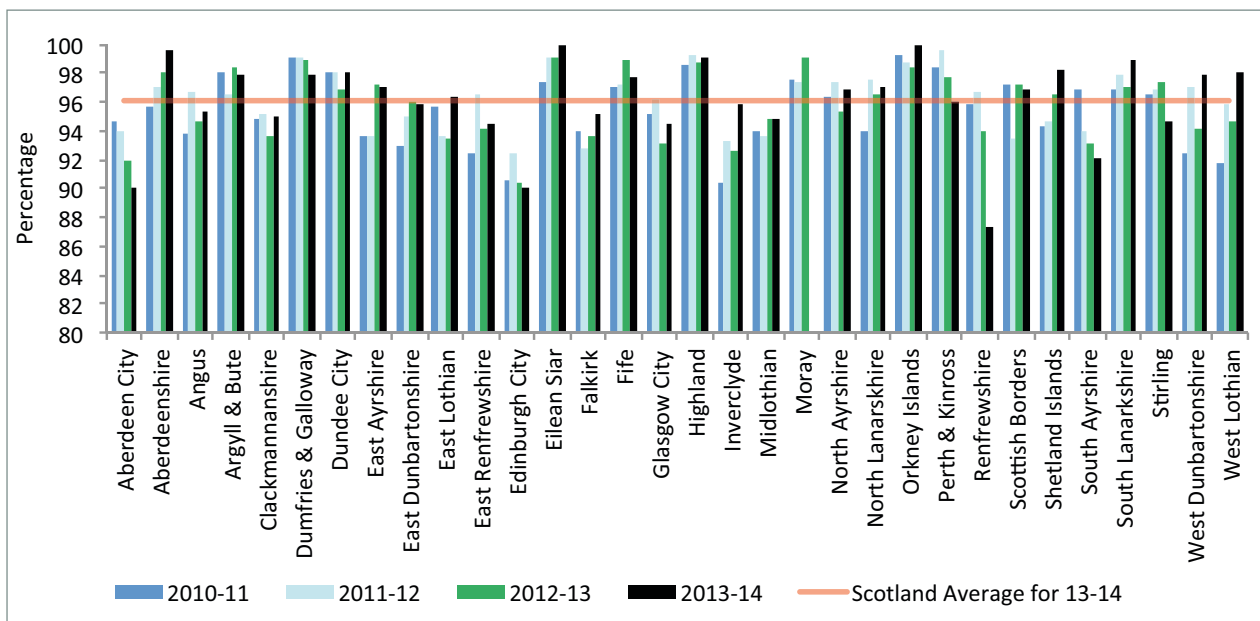
Source: Local Environmental Audit and Management System (LEAMS), Keep Scotland Beautiful
Note: Missing values reflect no data returned for that year

Net Cost of Street Cleaning Per 1000 Population
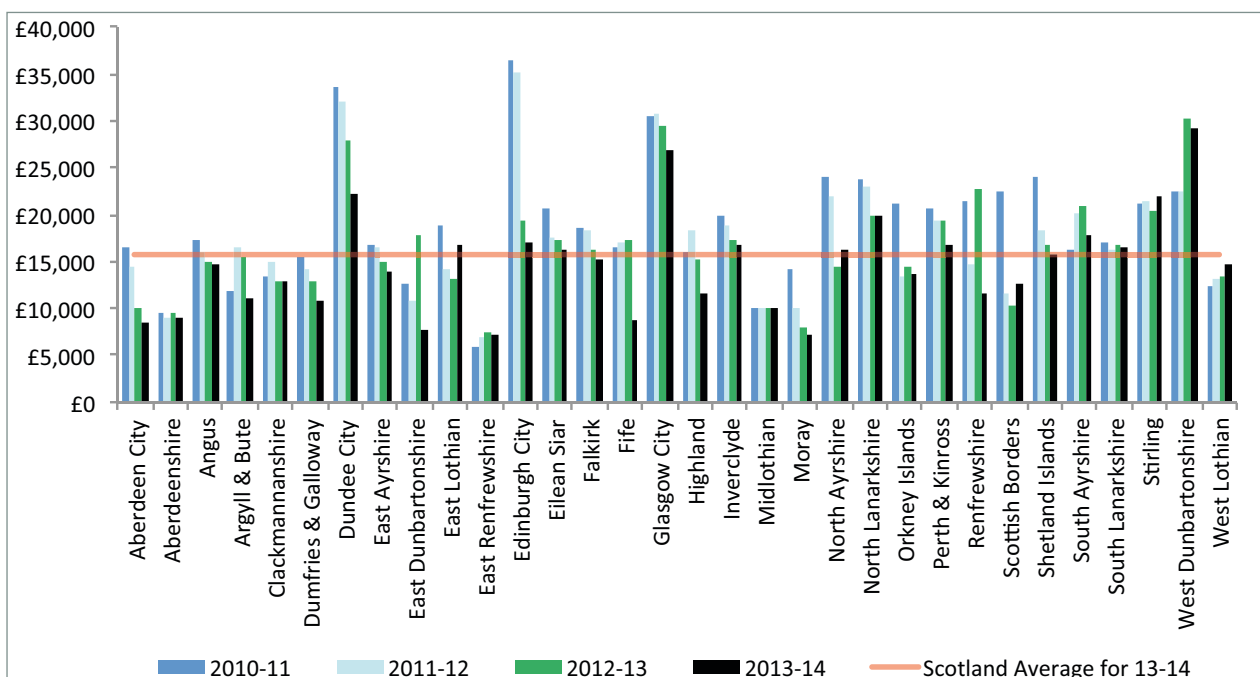
Source: Mid-year population estimates, National Records Scotland (NRO); council supplied figures

Net Cost of Street Cleaning Per 1,000 Population

% Change	Cash	Real
2010/11 - 2013/14	-21.3	-25.4
2010/11 - 2011/12	-2.4	-4.1
2011/12 - 2012/13	-9.5	-11.0
2012/13 - 2013/14	-10.9	-12.5

Percentage of Adults Satisfied with Street Cleaning

Year	% Satisfied
2010/11	73
2012/13	75
2013/14	74

Satisfaction levels for street cleaning remain high at above 70%, with levels increasing since the base year. As with waste management, it is again encouraging to note that the significant efficiencies that have been introduced do not appear to have had a detrimental impact on public satisfaction. Looking at both the street cleanliness index and satisfaction levels, this indicates great care has been taken to protect key areas of public concern even in the context of reducing budgets.

As noted previously, this satisfaction data is drawn from the Scottish Household Survey (SHS). While this data is proportionate at Scotland level, it is acknowledged there are limitations at local authority level in relation to the very small sample sizes and low confidence levels. We will continue to work with colleagues across councils and within Scottish Government to develop an improved measure of customer/resident satisfaction which is comparable at local authority level.
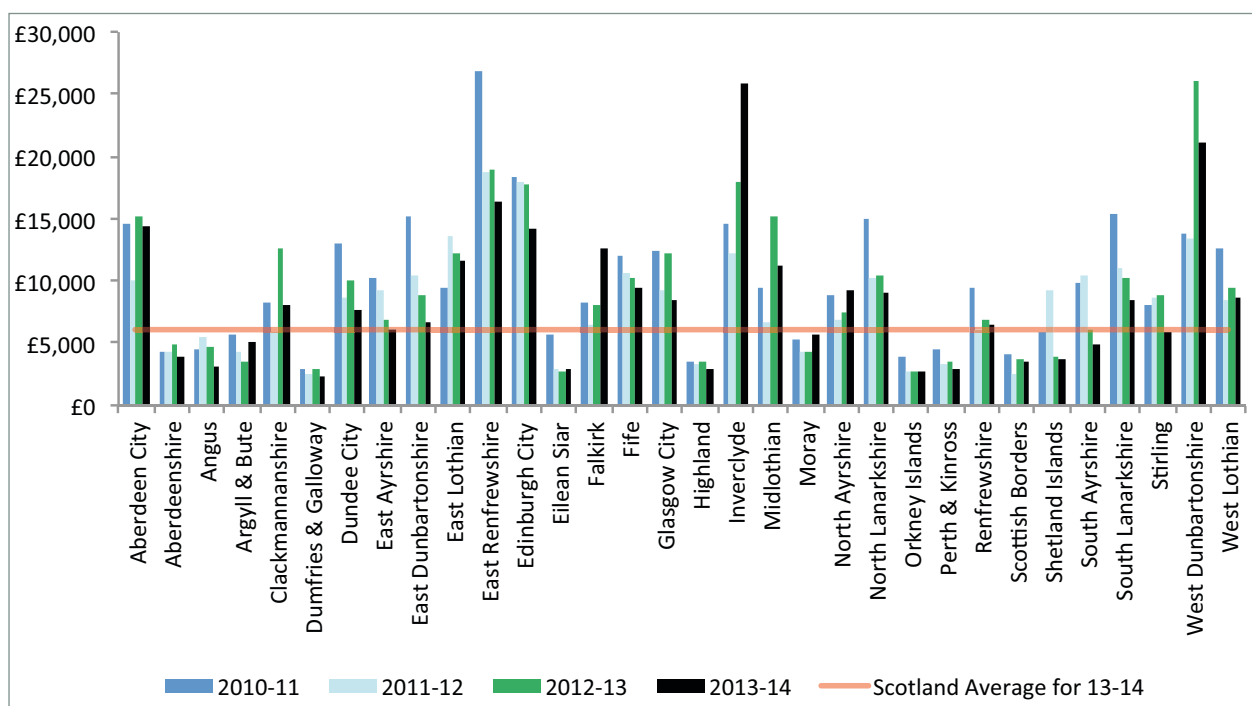
Roads Maintenance

In terms of the cost of road maintenance per kilometre, the Scottish average was £6,058 in 2013/14, with councils ranging from £2392 to £25,960. There is a significant difference in costs between urban, rural and semi-rural councils. The average in 2013/14 for urban councils was £8972 per kilometre, for rural councils it was £2842 and for semi-rural area councils it was £8476. The higher traffic volumes experienced in urban and semi-rural areas, where some large towns are located, is a key factor behind the variations in spending.

For the four years for which we have data the Scottish average cost per kilometre fell in real terms by 21.2%. The rate of reduction has altered significantly over the four years with a real terms reduction of 16.3% in 2010/11 to 2011/12, followed by a growth in real terms of 5.4% in 2011/12 to 2012/13, and finally a further reduction of 10.6% in 2012/13 to 2013/14. The majority of the change appears to be due to lower winter maintenance expenditure during this period. 2010/11 was a particularly bad winter, with £120 million of additional costs and the much milder winters recently have led to lower associated expenditure.

It is worth noting that this cost measure does not include capital spend and therefore does not accurately capture the extent of variations in spend across councils. We will work with the Society of Chief Officers of Transportation in Scotland (SCOTS) and roads colleagues across councils to improve the usefulness of this measure during the next phase.

Cost of Maintenance Per Kilometre of Road

Source: Society of Chief Officers of Transportation in Scotland (SCOTS) / Association for Public Service Excellence (APSE) returns; council supplied expenditure figures

Cost of Maintenance Per Kilometre of Road

% Change	Cash	Real
2010/11 - 2013/14	-16.9	-21.2
2010/11 - 2011/12	-14.8	-16.3
2011/12 - 2012/13	7.1	5.4
2012/13 - 2013/14	-9.0	-10.6

When road condition data is examined there are clear differences between urban, rural and semi-rural councils. For class A roads in urban areas the percentage in need of repair in 2013/14 was 25.5%, in semi-rural area councils it was 26.3% and in rural areas it was 29.4%. Similar patterns prevailed across B, C and U class roads, with conditions faring better in urban areas than those in rural and semi-rural areas.

Over the four year period covered by this report the overall condition of A, B, and unclassified roads has improved, with percentage of A roads in need of repair decreasing from 30.3% to 28.7%, the percentage of B roads reducing from 35.8% to 35.2%, and the percentage of unclassified roads reducing from 41.9% to 39.4%. However, the opposite is true of C class roads, with the percentage in need of repair showing a small increase. Despite the overall reductions on spending therefore, the condition of the roads networks for A, B and unclassified roads at least has improved over the four year period. Family groups identified the implementation of Road Asset Management Plans, better targeting of spend and a focus on intervention treatments through significant programmes of permanent patching repairs as key factors driving this improvement.

Percentage of A, B, C, Unclassified Roads Which Should be Considered for Maintenance Treatment (%)
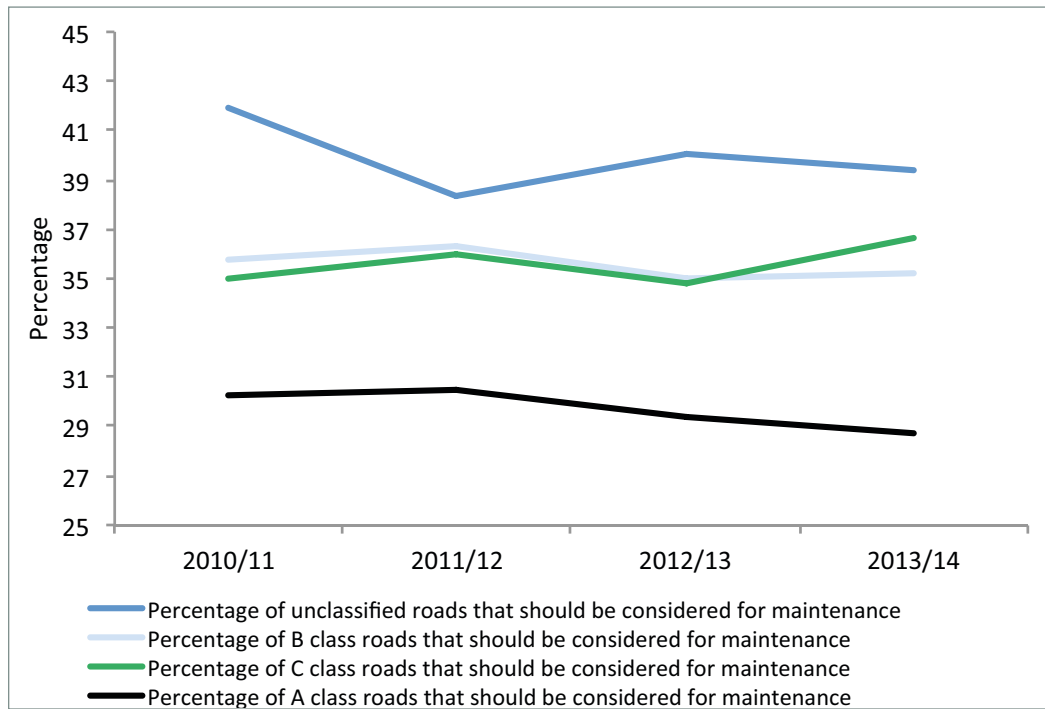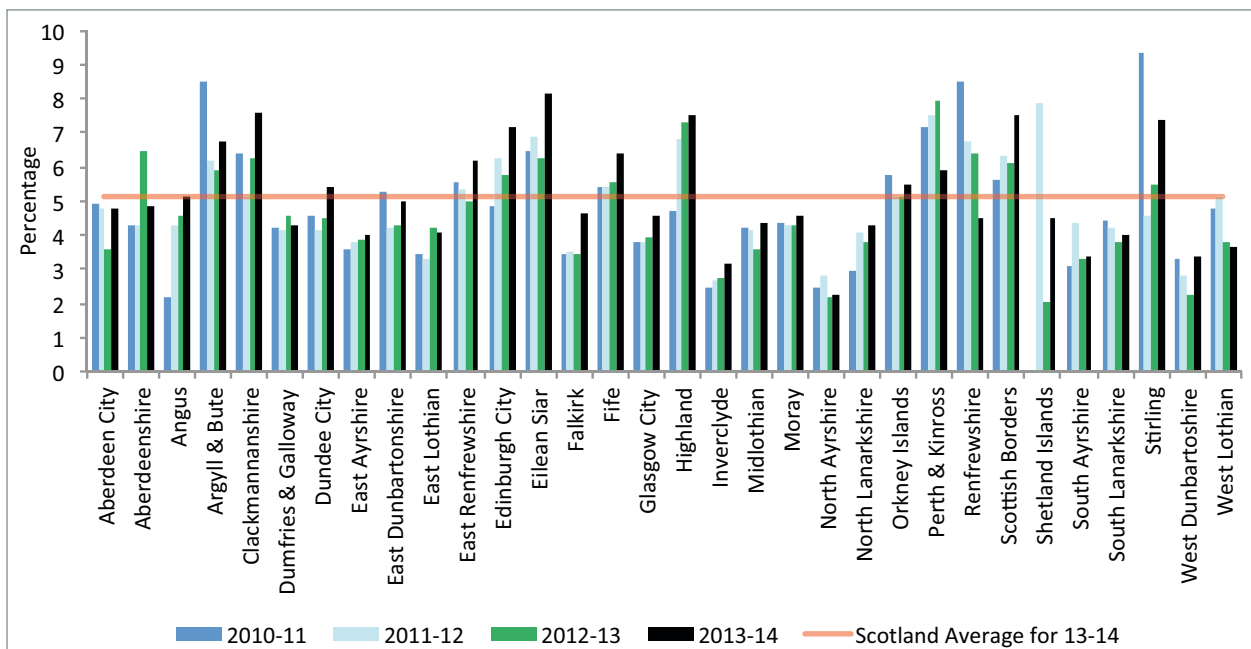

Source: Roads Asset Management Database, Society of Chief Officers of Transportation in Scotland (SCOTS)

Corporate Services

Support Services

Support Services as a Percentage of Total Gross Expenditure

Source: Council supplied expenditure figures
Note: Missing values reflect no data returned for that year

Corporate support services within councils cover a wide range of functions including finance, human resources, corporate management, payroll legal services and a number of other corporate functions.

In 2013/14 the Scottish average among councils for the cost of support services as a percentage of the total revenue budget of a council was 5.1%. While this figure represents a slight increase from 2010/11 when the figure was 4.6%, this is at least in part due a difference in accounting methodology.[16] When an adjustment is made to allow for comparison, the percentage of total revenue budget remains stable at 5.1% between 2012/13 to 2013/14.

In 2013/14 the range across councils is from 2.2% to 8.1% with clear differences between urban, rural and semi-rural councils. In general terms, rural authorities displayed a higher percentage than urban and semi-rural area councils; the rates were 5.9% on average for rural councils and 4.6% for urban councils.

Democratic Core

The democratic core service of local authorities covers all the services including committees that are necessary to support the council in discharging its democratic functions on behalf of the community.

In 2013/14 the Scottish average for the cost of the democratic core per 1000 of population was £32,077. The range across councils was from £14,775 to £295,431, with rural councils having significantly higher costs than urban/semi-rural equivalents (£45,802 for rural councils on average compared to £26,623 and £29,264 for urban/semi-rural respectively). If the Island

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16   In contrast to previous years, in 2013/14 the total revenue budget was not adjusted to take account for contributions to joint boards, police, fire and transport bodies

councils are removed from this range it reduces from £14,775 to £46,894. These figures indicate the higher costs for rural and island councils face associated with the distances elected members have to travel to attend meetings plus accommodation and other expenses incurred as a consequence of this.

Over the four year period 2010/11 to 2013/14, the cost reduced by 9.1% in real terms. The rate of reduction has slowed in from 7.6% in real terms from 2010/11 to 2011/12 to 0.7% and 0.9% in recent years.

Percentage of Women in Top Salaries

The percentage of women in the top 5% of earners in councils is a significant measure of the attempts by councils to ensure equal opportunity between genders. From 2010/11 to 2013/14 this has increased from 46.3% to 50.7%. Again, the range across councils was significant from 24% to 61.8%, with urban councils reporting significantly higher levels at 54.2% compared to rural councils at 45.7%.

While this is an important measure reflecting the progress which has been made in relation to gender equality in senior positions, there is also a need to capture the progress being made across the wider workforce. The Gender Pay Gap, i.e. the difference between men's and women's earnings, is a key measure under the Public Sector Equality Duty and we will continue to work with colleagues across councils, the Equalities & Human Rights Commission, Scottish Government and Close the Gap to improve the consistency of the data reported in order that this measure can be included within the next publication.

Council Tax Collection

The cost of collecting council tax is measured on a per property basis to standardise the measure across councils. Over the four year period from 2010/11 to 2013/14 this has reduced by 16.7%, from £14.55 to £12.13. The range however varies significantly from £5.45 to £23.20, with urban councils reporting higher costs on average (£13.31) than rural councils (£9.60).

Work within family groups has identified that an increased use of new technology including e-billing/text reminders/ IVR telephony systems which encourage customers to self-serve and a corresponding reduction in staffing costs underpins the reduction in costs for many councils. It is important to acknowledge there may be a deprivation factor in relation to the reach of these approaches as they assume the population we are collecting from have access to conventional banking and we know that a proportion of the population in deprived urban areas has significantly less access. Other efficiency factors include reductions in printing costs, sheriff officer commission costs, and reduced central support recharges from customer services (front end calls and enquiries) due to more self-service.

At the same time as the reduction in unit costs, the overall rate of in-year collection for council tax has remained high and constant at 95.2%. This has been achieved despite the challenges created by a difficult current economic climate and significant welfare reform. This represents an overall increase from the base year where the collection rate was 94.7%. The range across councils is 92.7% to 98.5% with no significant pattern in relation to rurality, deprivation or size of council.

Cost of Collecting Council Tax (£)

Legend: 2010-11, 2011-12, 2012-13, 2013-14, Scotland Average for 13-14
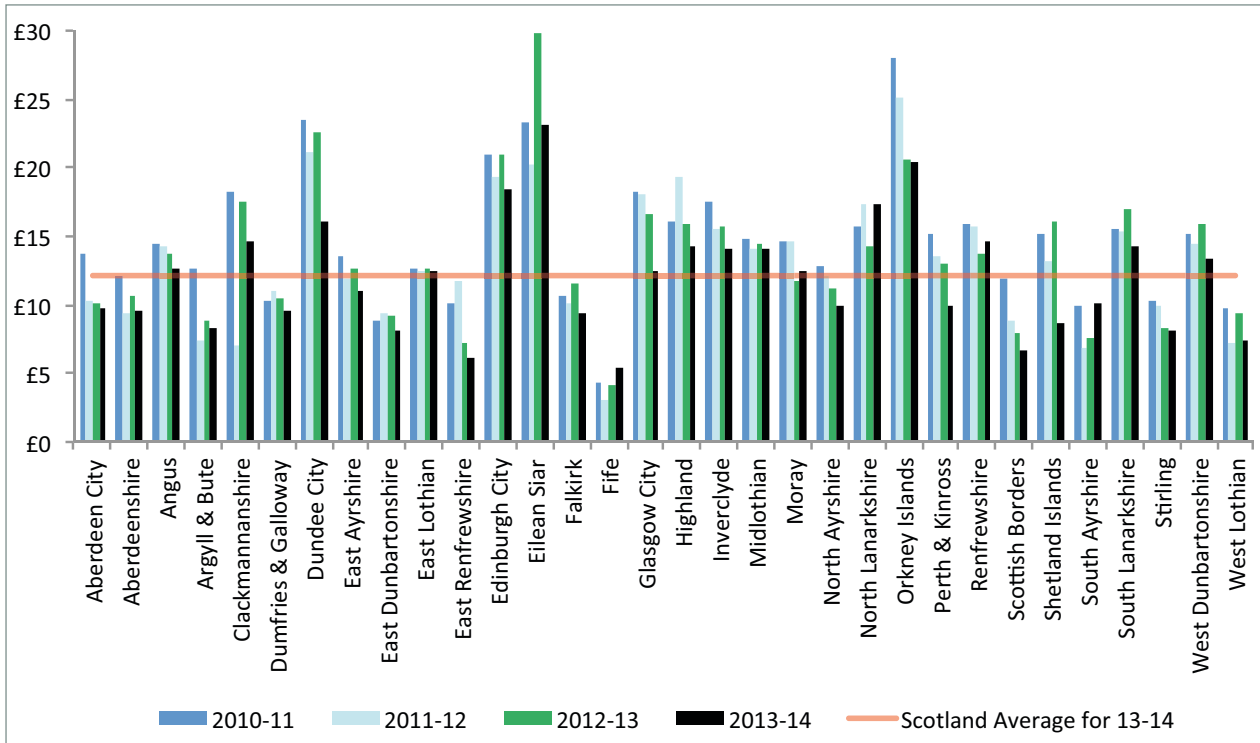
Source: Council supplied figures

Percentage of Income Due from Council Tax Received by the End of the Year (%)

Legend: 2010-11, 2012-12, 2012-13, 2013-14, Scotland Average for 13-14
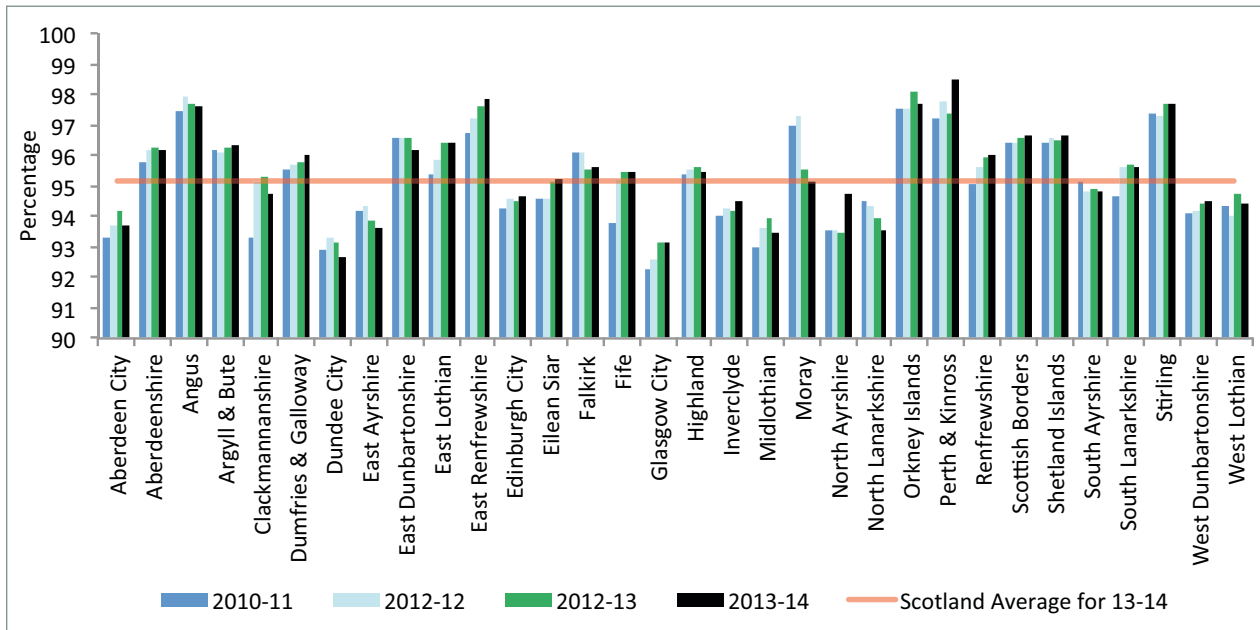
Source: Council supplied figures

Sickness Absence Rates

The management of sickness absence is a major priority for councils in their efforts to manage their costs. The rate has remained relatively flat at 10 days average from 2010/11 to 2013/14. There is little variation based on the urban rural nature of a council or size.

Invoices Paid

Councils are major purchasers of goods and services both within their local economies and across the Scottish economy as a whole. The percentage of invoices paid within 30 days has steadily increased from 89.5% to 91.9% over the four year period 2010/11 to 2013/14.
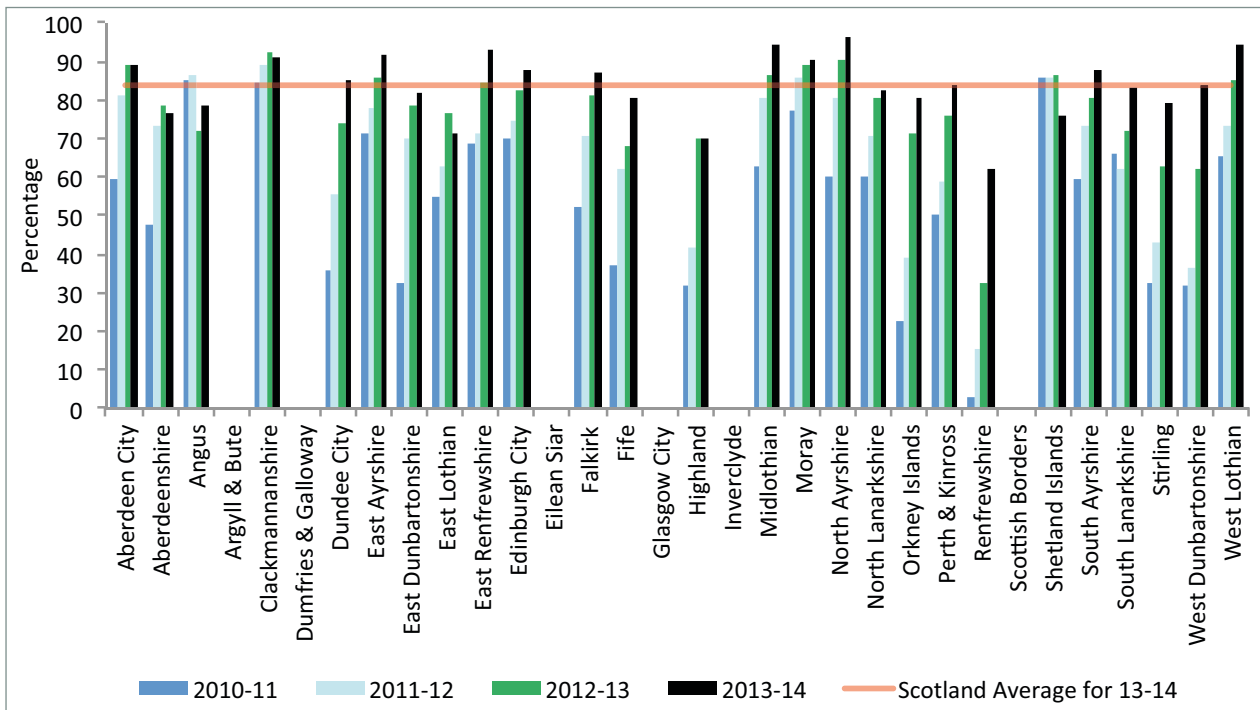
Housing Services

The housing information within the benchmarking framework covers housing management, housing conditions and energy efficiency. Only those councils who have responsibility for the provision of housing services are included here.

In 2013/14, the average tenants' arrears as a percentage of net rent due was 5.5%. Across councils, this represents a range of 2.6% to 9.4%, with arrears lowest in rural councils (4.7%) compared to 5.9% in urban councils and 5.8% in semi-rural. This year, for the first time, this measure is taken from the Housing Charter and as the methodology differs slightly from the previous measure, it is not possible to provide a direct comparison with previous years.[17]

Meanwhile, the rent lost due to voids remains steady at 1.3%. Again, figures vary across authorities, from 0.4% to 3.5%, however neither the urban/rural nature of the council nor the size have a systematic impact here. Overall, these figures suggest the councils continue to manage their stock well in the face of mounting pressures as a consequence of the impacts of welfare reform among other factors.

In terms of housing quality, there have been significant improvements over the past four years in terms of dwellings meeting Scottish Housing Quality Standards (SHQS) and energy efficiency standards. In 2013/14, 83.7% of council dwellings met SHQS, an increase of 30 percentage points from 2010/11. The range across councils varies significantly from 62% to 96%, although this range has been narrowing since 2010/11.

Percentage of Dwellings Meeting SHQS

Source: Annual Return on the Charter (ARC), Scottish Housing Regulator (SHR)
Note: Missing values represent the six councils who do not provide housing services

In 2013/14, 94% of council dwellings were energy efficient, an increase from 74.9% in 2010/11. Councils range from 76% to 100%, with rural councils on average having lower levels (89%)

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17   It is important to note that the sources used within this publication are not based on the Scottish Government data sources (Housing Revenue Account statistics and Scottish Housing Condition Survey) rather they are based on data collected by the Scottish Housing Regulator. There will be differences between the two sets of data. For example, the data published here reports only on council provision rather than provision by all registered social landlords. Additionally, there are differences in the SHQS methodology between SHR and SHCS.

compared to 94% in urban councils and 98% in mixed councils. This significant progress in improving the energy efficiency of council dwellings reflects the local government commitment to support the Scottish Government target to eradicate fuel poverty by 2016.

Year	% council dwellings meeting SHQS	% council dwellings that are energy efficient
2010/11	53.6	74.9
2011/12	66.1	81.2
2012/13	76.6	88.8
2013/14	83.7	94.0

Economic Development

Economic outcomes are recognised as a route to addressing a wider range of social and other outcomes. Employment is a key priority for most Councils/SOAs (Single Outcome Agreements) and accessing employment results not just in a positive economic outcome, but can typically also lead to improvements across a wider range of outcomes and reductions in demand for public services. In this respect, improving economic outcomes is critical to the prevention agenda, in helping achieve an affordable level of public sector spend and in driving improved outcomes for the people of Scotland.

Economic development is represented within the LGBF in a measure of the 'percentage of total unemployed people in an area assisted into work from council funded/operated employability programmes'. Most councils participate in employment-related support – either via direct provision and/or via funding delivery by third parties. Employability support is often delivered in partnership and this measure seeks to capture data on employability services where the council has either directly delivered and/or funded the intervention. The measure is an indication of the proportion of unemployed people in a council area that are participating in employability responses led or supported by the council, and in this sense assesses the reach and penetration of the intervention. Currently this measure utilises part of the data submitted by councils as part of their annual Scottish Local Authorities Economic Development group (SLAED) return. Work is prioritised in the year ahead to improve the robustness of this measure and providing reliable data on the progression of these people into employment.

In 2013/14, the Scotland average for the percentage of unemployed people assisted into work from council funded/operated employability programmes was 12.6% of total unemployed, an increase from 9.6% last year. There is a considerable range across councils, from 2.3% to 34.8%, with a tendency for higher rates being achieved in urban councils. Some of the variation is likely to be due to differing priorities and approaches to employability across councils.

Year	% Unemployed People Assisted into Work from Council Operated/Funded Employability Programmes
2012/13	9.6
2013/14	12.6

As the 'employability' measure, on its own, does not fully monitor the performance by councils in delivering economic development, the SLAED Indicators work will seek to develop a robust benchmark to reflect the significant investment in business development and support (e.g. Business Gateway) that may be used in the future LGBF. We will continue to work with SLAED to improve both the quality of the data underpinning this specific indicator and in driving forward with their own benchmarking work which is complementary to this programme.

Percentage of Unemployed People Assisted into Work from Council Operated/ Funded Employability Programmes
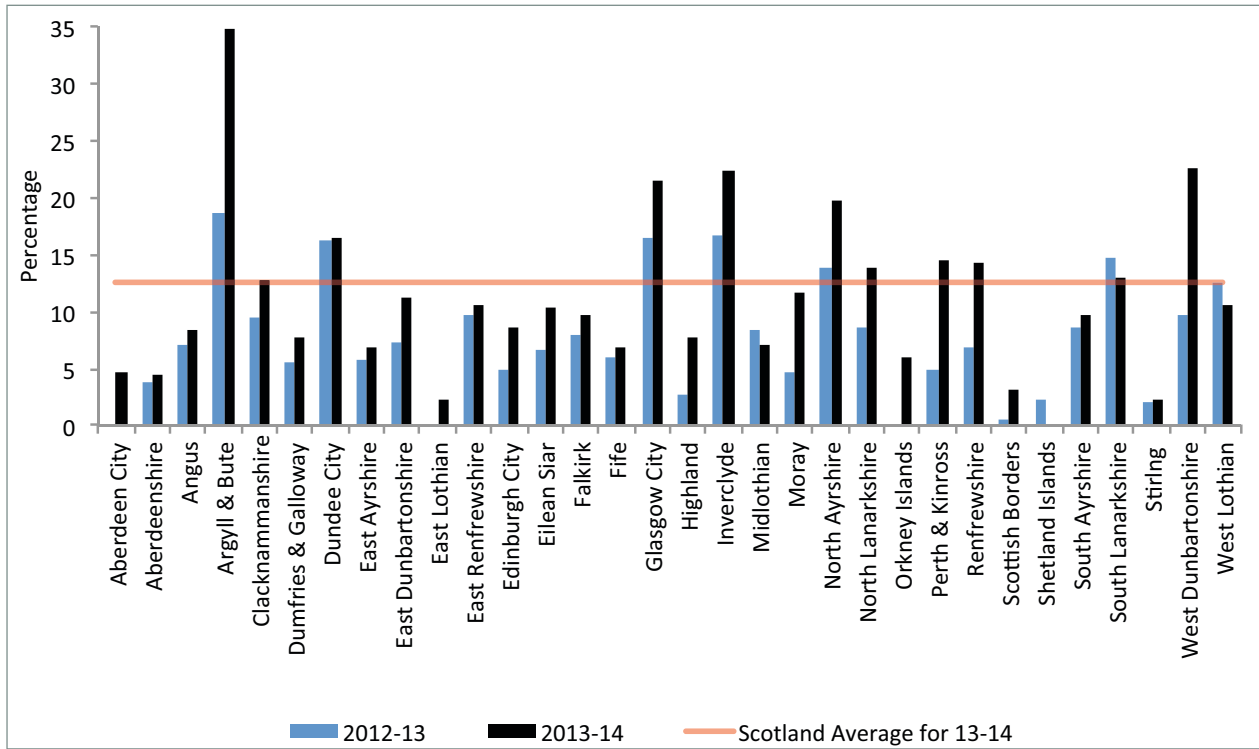
Source: Annual Population Survey, Office for National Statistics (ONS); SLAED Indicators Framework returns
Note: Missing values reflect no SLAED return for that year

Conclusions and Next Steps

The core purpose of this exercise is to support councils to deliver better outcomes for communities by benchmarking and learning from those councils who are achieving the best performance in relation to local service delivery. The benchmarking framework supports evidence based comparisons on spending, performance and customer satisfaction between similar councils to enable this. This last year has seen councils continue to improve the quality and performance of the services covered by the LGBF while continuing to manage pressures to reduce costs in all service areas.

The collective efforts of all 32 councils in Scotland has been important in taking this benchmarking project to its current stage of development and their on-going support will be critical to its further success. There is a continuous improvement programme to refine the benchmarking framework and this year there will be a strong focus on improving the outcome benchmarks for preschool and school provision, and for adult social care provision. We will prioritise the following actions to strengthen the LGBF further by working with all councils and relevant partners to:

1. Develop a standardised and comparable approach to better understanding the development of children as they progress through pre-school and primary school.

2. Agree outcome measures for senior phase education which reflect the whole range of measured achievement.

3. Develop stronger measures to support improvements in outcomes for older people.

4. Work to include a measure on the Gender Pay Gap as outlined under the Public Sector Equality Duty.

5. Roll out where relevant the use of net cost indicators rather than gross cost indicators.

6. Work to better understand the linkages between waste collection, disposal and recycling.

7. Take forward our on-going commitment to improve the measurement of customer satisfaction across local services.

To develop a richer understanding of the factors underpinning national trends and local variations, to promote good practice, and to facilitate learning between councils, we will continue to support councils to embed existing family group activity and to roll out activity across new service areas. We will also strengthen our processes for capturing and sharing good practices emerging from the benchmarking work across all councils to inform local improvement activity.

# Appendix 1 Full List of Indicators and Service Categories

	Data	Indicator Description
Children's Services	CHN1	Cost per primary school pupil
	CHN2	Cost per secondary school pupil
	CHN3	Cost per pre-school education registration
	CHN4	Percentage of pupils gaining 5+ awards at level 5
	CHN5	Percentage of pupils gaining 5+ awards at level 6
	CHN6	Percentage of pupils from deprived areas gaining 5+ awards at level 5 (SIMD)
	CHN7	Percentage of pupils from deprived areas gaining 5+ awards at level 6 (SIMD)
	CHN8a	The gross cost of "children looked after" in residential based services per child per week
	CHN8b	The gross cost of "children looked after" in a community setting per child per week
	CHN9	Balance of care for looked after children: % of children being looked after in the community
	CHN10	Percentage of adults satisfied with local schools
	CHN11	Proportion of pupils entering positive destinations
Corporate Services	CORP1	Support services as a percentage of total gross expenditure
	CORP2	Cost of democratic core per 1,000 population
	CORP3b	The percentage of the highest paid 5% of employees who are women
	CORP4	The cost per dwelling of collecting Council Tax
	CORP5b2	Average time (hours) between time of noise complaint and attendance on site, for those requiring attendance on site
	CORP6	Sickness absence days per employee
	CORP7	Percentage of income due from Council Tax received by the end of the year
	CORP8	Percentage of invoices sampled that were paid within 30 days
Adult Social Care	SW1	Older persons (over 65) home care costs per hour
	SW2	SDS spend on adults 18+ as a % of total social work spend on adults 18+
	SW3	Percentage of people 65+ with intensive needs receiving care at home
	SW4	Percentage of adults satisfied with social care or social work services
	SW5	Net residential costs per week for older persons (over 65)
Culture & Leisure Services	C&L1	Cost per attendance at sports facilities
	C&L2	Cost per library visit
	C&L3	Cost of museums per visit
	C&L4	Cost of parks & open spaces per 1,000 population
	C&L5a	Percentage of adults satisfied with libraries
	C&L5b	Percentage of adults satisfied with parks and open spaces
	C&L5c	Percentage of adults satisfied with museums and galleries
	C&L5d	Percentage of adults satisfied with leisure facilities

	Data	Indicator Description
Environmental Services	ENV1a	Net cost of waste collection per premises
	ENV2a	Net cost of waste disposal per premises
	ENV3a	Net cost of street cleaning per 1,000 population
	ENV3c	Street Cleanliness Score
	ENV4a	Cost of maintenance per kilometre of roads
	ENV4b	Percentage of A class roads that should be considered for maintenance treatment
	ENV4c	Percentage of B class roads that should be considered for maintenance treatment
	ENV4d	Percentage of C class roads that should be considered for maintenance treatment
	ENV4e	Percentage of U class roads that should be considered for maintenance treatment
	ENV5a	Cost of trading standards per 1,000 population
	ENV5b	Cost of environmental health per 1,000 population
	ENV6	The percentage of total waste arising that is recycled
	ENV7a	Percentage of adults satisfied with refuse collection
	ENV7b	Percentage of adults satisfied with street cleaning
Housing Services	HSN1	Gross rent arrears as a percentage of rent due
	HSN2	Percentage of rent due in the year that was lost due to voids
	HSN3	Percentage of dwellings meeting SHQS
	HSN4	Average length of time taken to complete non-emergency repairs
	HSN5	Percentage of council dwellings that are energy efficient
Corp. Asset	C-AST 1	Proportion of operational buildings that are suitable for their current use
	C-AST 2	Proportion of internal floor area of operational buildings in satisfactory condition
Econ Dev	ECON1	Percentage of unemployed people assisted into work from council operated/funded employability programmes
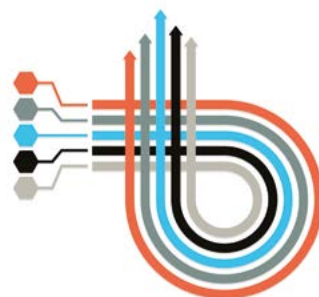
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Jan 2015

ACCOUNTS COMMISSION

MEETING 12 FEBRUARY 2015

REPORT BY THE ASSISTANT AUDITOR GENERAL

SMITH COMMISSION UPDATE

Purpose

1. The purpose of the report is to update Commission members on the potential implications of the Smith Commission proposals on audit work.

Background

2. Following the result of the Referendum on 18 September the coalition Government in Westminster announced the formation of the Smith Commission under the leadership of Lord Smith of Kelvin to lead a process through which Heads of Agreement could be reached on devolution of further powers to the Scottish Parliament.

3. Lord Smith engaged with political parties, Scottish civic institutions and the Scottish public. He reported on 27 November 2014.

4. The members of the Commission nominated by the political parties were:

   - John Swinney MSP – SNP
   - Linda Fabiani MSP – SNP
   - Baroness Goldie – Conservative
   - Professor Adam Tomkins – Conservative
   - Iain Gray MSP – Labour
   - Gregory McClymont MP – Labour
   - Michael Moore MP – Lib Dem
   - Tavish Scott MSP – Lib Dem
   - Partrick Harvie MSP – Green
   - Councillor Maggie Chapman – Green

Smith Commission proposals

5. The Commission's proposals covered both increasing the tax raising powers of the Scottish Parliament and further devolution of expenditure mainly around some welfare benefits and the work programme.

6. Table 1 shows the estimated financial effect of the Commission's proposals using 2012/13 as the example year.

7. For some benefits disaggregated figures for Scotland are not readily available, and for some expenditure is potentially very volatile. For example total UK Cold weather payments have varied in recent years from £27,000 in 2013/14 all of which was incurred in Scotland to £429 million in 2010/11 where perhaps £100m or more was incurred in Scotland.

Table 1: Spending and revenues in Scotland, £m

	2012/13
Existing spending and revenues in Scotland	
Existing spending by Scottish Government	**£33,758**
Existing revenues of Scottish Government	**£3,397**
Total taxes raised in Scotland (UK and SG)	£53,147
Total public spending for and on behalf of Scotland	£65,397
Additional spending - Smith proposals	
Attendance Allowance	£489
Disability Living Allowance (Pensioners)	£515
DLA/Personal Independence Payment (PIP)	£935
Carer's Allowance	£169
Industrial Injuries Disablement Allowance	£92
Severe Disablement Allowance	£97
Cold Weather Payment	n/a
Funeral Payment	n/a
Sure Start Maternity Grant	n/a
Winter Fuel Payment	£187
Work programme	£38
Total additional spending	**£2,485**
Additional revenues - Scotland Act	
Scottish Rate of Income Tax	£4,231
Land and Buildings Transactions Tax	£283
Landfill Tax	£100
Total additional revenues under Scotland Act	**£4,614**
Additional revenues - Smith proposals	
Income tax	£10,865
VAT	£4,674
Land and Buildings Transactions Tax	£283
APD	£234
Landfill Tax	£100
Aggregates levy	£45
Total additional revenues under Smith proposals	**£16,201**

Notes: Figures from DWP, Scottish Government (GERS) and HM Treasury (PESA). Data for some smaller benefits is not available. Estimate of Work Programme cost is a population share of the UK cost in 2012/13, but the cost is likely to rise in real terms over time.

Source – David Bell and David Eisner – Scottish Fiscal and Economic Studies

8. The Smith proposals would take the proportion of revenue raised by the Scottish Parliament from under 10% currently to around 37%.

9. On 22 January 2015 the UK Government published "Scotland in the United Kingdom: An enduring settlement" laying out their proposals for implementing the Smith Commission proposals, including a draft Scotland Bill.

10. The main change to the financial proposals was to extend the amount of assigned VAT to include the first 2.5% of the 5% reduced rate.

11. The UK Government proposals also include a number of clauses requiring consultation between the Scottish and UK Governments designed to ensure that proposals for tax/benefit changes in one country do not have unintended consequences for the other.

12. Lord Smith's final personal recommendation was for further devolution from the Scottish Parliament. The UK Government paper reflects that recommendation by saying that "The Scottish Government will explore how they can transfer powers from the Scottish Parliament to empower local communities across Scotland".

Implications for public audit in Scotland

Income tax

13. The proposals for further devolution of tax raising powers include the setting of all tax bands and rates for non-savings and non-dividend income. The Commission's report is quite clear that HMRC will continue to collect this taxation in the same way as it will under the Scotland Act 2012 arrangements. The value of income tax under the control of the Scottish Parliament is estimated to increase from around £4.2 billion under the Scotland Act 2012 to around £10.5 billion. This will place more importance on the working arrangements with the NAO currently being agreed with Audit Scotland so that the Scottish Parliament can obtain appropriate assurances about the amount of tax being raised and the adjustments being made to the Scottish block grant.

VAT

14. The receipts raised in Scotland by the first 10 percentage points of the standard rate of VAT will be assigned to the Scottish Government's budget along with 2.5% of the 5% reduced rate. VAT will continue to be collected by HMRC. How this will be calculated is unclear but it should be expected that the Scottish Parliament will require some form of assurance on the amount collected. This is likely to need expansion of the arrangements with the NAO.

Air passenger duty

15. Power to charge such a duty on passengers leaving Scottish airports will be devolved. It is likely that any replacement tax will be administered by Revenue Scotland which will be audited by Audit Scotland.

Welfare benefits

16. Powers over a number of welfare benefits outside of Universal credit will be devolved including those for carers, disabled people and those who are ill. Also benefits in the Regulated Social Fund such as Winter Fuel payments and Funeral payments will be devolved along with Discretionary Housing Payments. The Scottish Parliament will have the power to vary the housing cost elements of universal credit including the under occupancy charge.

17. The Smith Commission report states that it would be for the Scottish Parliament to decide whether to agree a delivery partnership with DWP or to set up separate Scottish arrangements. The basis for such a partnership is not spelled out but if a partnership is agreed then either Audit Scotland will need access to DWP records in order to carry out audit work directly or we will need to further extend the working arrangements with the NAO. It is also possible that some of this area could be devolved to local government. If separate arrangements emerge then there may be one or more new bodies to audit.

Borrowing

18. The Smith Commission propose that further borrowing powers be agreed between Westminster and Holyrood to reflect the additional economic risks and volatility of tax revenues. Borrowing would be through the Scottish Government account and so be covered by the existing audit arrangements.

Overall impact

19. The overall effect of these proposals will be that the Scottish parliament will have control over a greater proportion of its income and will be able to legislate in more areas of social welfare than before. These powers mean that the Scottish finances will be likely to be more volatile than at present and the budgeting arrangements more complex. This means that audit work on the overall public finances and developing financial reporting will become more significant.

20. The Smith Commission also covered the Parliamentary oversight and scrutiny arrangements by saying that the Scottish Parliament should seek to expand and strengthen the independent scrutiny of Scotland's public finances in recognition of the additional variability and uncertainty that further tax and spending devolution will introduce into the budgeting process.

21. Experience of the Scotland Act 2012 would suggest that the timeframe for Scotland assuming new tax or benefit powers will be two to three years from agreement of the principles and passing of necessary legislation in Westminster. The more radical the agreed arrangements the more likely it is that new or significantly amended IT systems will be required and hence the timescales are likely to extend.

22. Audit Scotland's 2015/16 Budget proposal to the SCPA was prepared before the outcome of the Referendum was known and explicitly made no assumption about the resource impact of the result. Given the legislative timescales at Westminster and the forthcoming general election it is unlikely that significant resources will be needed for this work in 2015/16. Work on developing arrangements with the NAO and monitoring the progress of legislation will be undertaken within existing resources.

Conclusion

23. The Commission is asked to note this report.

Russell Frith
Assistant Auditor General
4 February 2015

ACCOUNTS COMMISSION

MEETING 12 FEBRUARY 2015

REPORT BY SECRETARY TO THE COMMISSION

COMMISSION COMMITTEE BUSINESS

Purpose

1. This report discusses the remits for the Commission's two committee and sets out the committee chairs' proposals for taking forward the responsibilities of the committees.

Background

2. The legislation which established the Accounts Commission does not make any provision for committees. The legislation does however provide that, subject to certain parameters, the Commission may decide its own procedure. The legislation also provides that the Commission may delegate some of its decision-making functions, but also specifies certain decisions which it cannot delegate.

3. It is in this context that the Commission has established its two committees – the Financial Audit and Assurance (FAA) Committee and Performance Audit (PA) Committee - to assist in management of its workload. The power to establish committees, their remit, and certain procedural rules (such as a quorum being one-third of the committee membership, etc.), are all set out in the Commission's Standing Orders. There is, therefore, formal recognition by the Commission of the role of the committees.

4. Given the legislative position, the committees' role is primarily one of fulfilling an advisory rather than decision-making function. They are to keep various matters under review, and make recommendations to the Commission as appropriate. This shows that the committees are expected to act as forums in which certain issues can be examined in more detail than would be possible in the Commission's meetings schedule.

5. It should be noted that, although each committee is generally a forum in which only half of the Commission members consider certain matters in detail, all Commission members are free to attend any committee meeting. The agenda and papers for each committee meeting are copied to all Commission members. The minutes of each committee meeting are also presented to the subsequent Commission meeting so that all members are formally made aware of any matters considered and recommendations made.

Committee remits

6. The remits of the committees have evolved over time. The most recent consideration of remits was in 2009, with the remits affirmed as set out in the Appendix.

7. Across the two remits, the only clause which has become superfluous is the previous responsibility of the PA Committee in relation to statutory performance indicators. With the Commission in recent years moving away from a sophisticated regime of statutory performance indicators, the need for the Committee to assist in the review and development of those indicators has become redundant.

8. In October 2012, the Commission discussed how to improve how it manages its business. As part of this, the Commission reviewed the meeting arrangements of its committees, agreeing that they should meet on the same day and introducing a guest speaker as part of that day. The same approach for 2015 was agreed by the Commission in October this year.

9. Also at its October 2012 meeting, the Commission felt that there was no need for a formal review of its committees' remits. The Commission noted that the PA Committee had

developed a pro-active role in the management of the performance audit programme (in conjunction with the Auditor General). It also noted that the FAA Committee has in place a monitoring process – coordinated by the Directors of Audit Services and Performance Audit and Best Value – to ensure that it remains appraised of audit issues affecting individual local authorities.

10. In essence, therefore, both committees fulfil an 'outward' facing role on behalf of the Commission, whilst overseeing audit activity. It is useful to summarise the respective remits of the committees as being respectively, on behalf of the Commission, to keep appraised of the external policy environment particularly at national level and thus national performance audit activity (ie PA Committee) and the issues affecting individual authorities and thus financial and Best Value audit activity (ie Financial Audit and Assurance Committee).

11. With the most recent round of appointments to the Commission in October, the Chair has made changes to the chairship and membership of the committees. Both new chairs have been reviewing how to take forward the work of their committee.

Proposed revisions to how committees fulfil their remits

12. The respective chairs, in conjunction with the Chair, are proposing the following changes to how the committees fulfil their remit:

- **FAA Committee**

    - A more concise summary of issues in councils, incorporating more focused reporting of information from individual councils and a clearer summary of issues arising across councils.

    - A more systematic approach to monitoring the quality of audit, including reviewing approaches to gauging quality.

    - More input into the planning of the annual financial audit.

    - More formal input into the review of the Code of Audit Practice (every five years – next due in 2015).

    - More formal consideration of issues affecting the audit of local government elsewhere in the United Kingdom.

- **PA Committee**

    - More systematic monitoring of the policy environment to ensure fitness-for-purpose of the performance audit programme.

    - Monitoring the impact of previous audits.

13. Business schedules are being developed for each committee, to be put in place for the first meetings of the committees on 26 February. To this end, I have been liaising with appropriate senior staff in Audit Scotland to discuss how they support the business schedules. Meantime, the Commission is asked to comment upon the updated roles of the committees and whether there is any need for changes to the committees' remits.

Conclusion

14. The Commission is invited to:

- Comment upon the current remits of the committees.

- Note the intentions of the two committee chairs on the committees' role.

- Comment upon the updated roles of the committees.

Paul Reilly
Secretary to the Commission
4 February 2015

APPENDIX 1: COMMITTEE REMITS AS AGREED IN 2009

FAA Committee:

To keep under review and make recommendations to the Commission on –

1.   The operation, development and implementation of the quality appraisal process.

2.   Reports arising from the quality appraisal process.

3.   The process of the procurement of the audit and audit appointments.

4.   The financial and assurance audit process, including the Code of Audit Practice.

5.   The output of the financial and assurance audit, through—

- considering and examining regular reports highlighting key themes and trends emerging from the audit of local government;

- overseeing the development of annual overview reporting on local authority audits;

- considering other ad hoc briefings to examine particular matters which may emerge from the financial and assurance audits.

6.   The performance of Audit Scotland in relation to its conduct of the Committee's business.

      [1-4 to be carried out in consultation with the Auditor General]

PA Committee

To keep under review and make recommendations to the Commission on -

1.   The operation and development of the consultation process on choice of topics for Performance Audit studies;

2.   The choice of topics for Performance Audit studies and the progress of the study programme;

3.   Liaison with the Auditor General for Scotland and other agencies on the co-ordination of study and reporting activity;

4.   The operation of the Statutory Performance Information Direction, the national publication of performance information and the performance information implications of Best Value;

5.   The development of performance audit and the integration of the Commission's work in that field;

6.   The performance of Audit Scotland in relation to its conduct of the Committee's business.