

424th meeting of the Accounts Commission for Scotland

**Thursday 11 February 2016, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh**

Agenda

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 12 in private (* see note).
4. **Minutes of meeting of 14 January 2016.**
5. **Minutes of meeting of Audit Scotland Board of 3 December 2015.**
6. **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.
7. **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.
8. **Local Government Benchmarking Framework – annual report:** The Commission will consider a report by the Secretary to the Commission.
9. **Audit of Best Value: City of Edinburgh Council:** The Commission will consider a report by the Controller of Audit.

The following items are proposed to be considered in private:*

10. **Audit of Best Value: City of Edinburgh Council:** The Commission will consider the action it wishes to take.
11. **Draft report: An overview of local government in Scotland:** The Commission will consider a report by the Director of Performance Audit and Best Value.
12. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 10 to 12 be considered in private because:

- Item 10 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decision, which the Commission does before making the decision public.
- Item 11 proposes a draft report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.
- Item 12 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of the Commission of 14 January 2016	AC.2016.2.1
Agenda Item 5: Minutes of meeting of Audit Scotland Board of 3 December 2015	AC.2016.2.2
Agenda Item 6: Report by Secretary to the Commission	AC.2016.2.3
Agenda Item 8: Report by Secretary to the Commission	AC.2016.2.4
Agenda Item 9: Report by Controller of Audit	AC.2016.2.5
Agenda Item 11: Report by Director of Performance Audit and Best Value	AC.2016.2.6

MEETING: 11 FEBRUARY 2016

MINUTES OF PREVIOUS MEETING

Minutes of the 423rd meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday, 14 January 2016, at 10.15am

PRESENT: Douglas Sinclair (Chair)
Ronnie Hinds (Deputy Chair)
Alan Campbell
Sandy Cumming
Sheila Gunn
Christine May
Stephen Moore
Graham Sharp
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit and Director of Performance Audit and Best Value (PABV)
Carol Calder, Senior Manager, PABV [Item 11]
Antony Clark, Assistant Director, PABV [Item 10]
Kirsty Gibbins, Communications Adviser [Item 9]
Chris Holme, Communications Adviser [Item 9]
Fiona Kordiak, Director, Audit Services [Item 10]
Mark McCabe, Senior Manager, PABV [Item 8]
Jillian Matthew, Audit Manager, PABV [Item 11]
Michael Oliphant, Audit Manager, PABV [Item 7]
Rebecca Seidel, Audit Manager, PABV [Item 10]
Claire Sweeney, Assistant Director, PABV [Item 11]

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 10 December 2015
5.	Update report by the Secretary to the Commission
6.	Update report by the Controller of Audit
7.	Briefing: Scottish Budget 2016/17
8.	Complaints reporting
9.	Briefing: social media
10.	Draft report: Community planning – an update
11.	Performance audit: draft report – Changing models of health and social care
12.	Commission business matters

1. Apologies for absence

It was noted that apologies for absence had been received from Tim McKay and Sophie Flemig.

2. Declarations of interest

The following declarations of interest were made:

- Ronnie Hinds, in items 7, 10 and 11, as a non-executive Director of the Scottish Government
- Christine May, in item 10, as Vice-Chair of Fife Cultural Trust

Advice from Fraser McKinlay was noted that he would not be taking part in discussion of item 10 as his brother Alasdair McKinlay is Head of the Community Planning and Empowerment Unit in the Scottish Government.

3. Decisions on taking business in private

It was agreed that items 10 to 12 should be taken in private for the following reasons:

- Item 10 proposes a draft report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.
- Item 11 proposes a draft performance audit report, which the Commission is to consider and consult appropriately with stakeholders if necessary before publishing.
- Item 12 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

4. Minutes of meeting of 10 December 2015

The minutes of the meeting of 10 December 2015 were submitted and approved, subject to:

- In item 12, first bullet point, deleting “attached”.
- A renumbering of items from item 12 onwards.

Arising therefrom:

- In relation to item 8, second bullet point, noting advice from the Director of PABV on the role of Audit Scotland as a Living Wage Employer.
- In relation to item 8, fourth bullet point, noting advice from the Secretary that information on the Community Justice Act was part of the draft report *Community planning: an update*, elsewhere on the agenda.
- In relation to item 11, final bullet point, noting advice from the Director of PABV that he would report further to the Commission on proposals around Commission engagement with stakeholders as part of its review of auditing Best Value.

5. Update report by the Secretary to the Accounts Commission

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 agreed, in relation to paragraph 19, that more background be provided on the Organisation for Economic Co-operation and Development (OECD) report *Improving schools in Scotland: an OECD perspective*.

Action: Secretary

Thereafter, the Commission agreed to note the report.

6. Update report by the Controller of Audit

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

7. Briefing: Scottish Budget 2016/17

The Commission considered a report by the Director of PABV providing a briefing on the Scottish Government's Spending Plans and Draft Budget 2016/17, highlighting some of the key implications for local government finances.

During discussion, the Commission agreed:

- That the Director provide further information on the calculations behind the proposed allocation to individual councils, including the rationale for each allocation and longer term trends of allocations for each council.
- That the Director provide clarification when available of the aspects of the proposed settlement in relation to integrated joint health and social care boards.

Actions: Director of PABV

- To note further in this regard advice from the Director that the funding of such boards would be a feature of the annual financial audit of the boards and, where appropriate, councils and health boards.

Following discussion, the Commission noted the report.

8. Complaints reporting

The Commission considered a report by the Director of PABV providing a summary of councils' approach to complaints reporting in line with Scottish Public Sector Ombudsman (SPSO) guidance.

During discussion, the Commission agreed:

- That further thought be given as to how to feature such intelligence in the regular six-monthly report to the Financial Audit and Assurance Committee on intelligence from the SPSO and standards bodies.
- That the views of the SPSO be sought on the report.

Actions: Secretary

Following discussion, the Commission noted the report.

9. Briefing: social media

The Commission considered a presentation by Chris Holme and Kirsty Gibbins from the Communications Team on the use of social media in the Commission's and Audit Scotland's engagement with stakeholders.

The Commission agreed:

- That the issues raised in discussion feature in consideration of the annual revision of the Commission's engagement strategy.
- That clarity be sought on the appropriate balance between the use of social media on a collective versus individual basis.

Actions: Secretary

10. Draft report: Community planning – an update [in private]

The Commission considered a report by the Secretary introducing for its consideration a draft report updating the progress of community planning in Scotland.

Following discussion, the Commission agreed:

- In relation to the inequalities agenda, to note developments in relation to ensuring the prominence in community planning of the inequalities agenda beyond socio-economic issues.
- To approve the draft report subject to the audit team considering points raised in discussion in conjunction with the Chair and Deputy Chair.

Actions: Director of PABV

11. Performance Audit – draft report: Changing models of health and social care [in private]

The Commission considered a report by the Director of PABV seeking approval of and proposing ways of promoting the draft performance audit report *Changing models of health and social care*.

Following discussion, the Commission agreed:

- To note advice from the audit team that, as discussed at the Public Audit Committee on 2 December 2015, more information on issues around health and social care data sets would be brought into the report.
- To approve the draft report subject to the audit team considering points raised in discussion in conjunction with the sponsors of the report, Ronnie Hinds and Christine May.
- To approve the publication and promotion arrangements for the report.

Actions: Director of PABV

12. Commission business matters

There being no further business, the meeting was closed.

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AGENDA ITEM 5
Paper: AC.2016.2.2

Minutes of Meeting of **Audit Scotland** held on 3
December 2015 in the offices of Audit Scotland
at 102 West Port, Edinburgh

PRESENT: I Leitch (Chair)
C Gardner
H Logan
D Sinclair

APOLOGIES: R Griggs

IN ATTENDANCE: D McGiffen, Chief Operating Officer
R Frith, Assistant Auditor General
M Walker, Assistant Director, Corporate Performance and Risk
S Murray, Finance Officer

<u>Item No</u>	<u>Subject</u>
1.	Apologies
2.	Declarations of Interest
3.	Chair's Report
4.	Accountable Officer's Report
5.	Accounts Commission Chair's Report
6.	Minutes of the meeting dated 29 October 2015
7.	Review of the Actions Tracker
8.	2015/16 Spring Budget Revision
9.	Q2 Financial Performance Report
10.	Q2 Corporate Performance Report
11.	Becoming World Class Improvement Programme: Q2 Update Report
12.	Securing World Class Audit (a) Ethical Standards
13.	Making A Difference (a) Annual Review and Refresh of the Corporate Plan
14.	Board Openness and Transparency
15.	Property Update – 102 West Port
16.	AOB
17.	Date of next meeting

DRAFT

1. Apologies

Apologies had been previously received from Russel Griggs for the meeting.

2. Declarations of Interest

Ian Leitch declared his membership of the Scottish Legal Complaints Commission. Heather Logan declared her membership of the Audit and Advisory Committee of the Scottish Public Services Ombudsman (SPSO).

3. Chair's Report

Ian Leitch advised of his meeting on 5 November 2015 with the Scottish Commission for Public Audit (SCPA) at which there had been discussion of a number of issues including the question of the quorum for Board Meetings. Ian advised that the SCPA will produce a legacy paper at the end of the Parliamentary session, to inform and advise the incoming SCPA. He advised that it was likely there would be a further look at the governance of Audit Scotland. Board members then discussed the existing arrangements for a quorum and the importance of ensuring representation of the Auditor General and the Accounts Commission at Board meetings. It was agreed that there would be further discussion of this issue in the context of the Board considering the existing Standing Orders and Scheme of Delegation in the new year.

Action:

The Chief Operating Officer to schedule a discussion at the Board on Standing Orders and the Scheme of Delegation. (February 2016)

4. Accountable Officer's Report

Caroline Gardner provided an update on her activity since the previous board meeting. She welcomed the move to the new West Port office and the great effect that it was having on colleagues, with people making full use of the range of working areas and spaces. She invited the Board to record its thanks to the Audit Scotland team who had led and delivered the project. The Board echoed Caroline's comments and invited Diane to share the Board's views on the success of the project and appreciation for the contribution of colleagues who had made it happen.

Caroline advised that the Audit Scotland Budget proposal for 2016/17 had been submitted to the SCPA and that she and the Chair would lead the evidence session with Diane and Russell which was scheduled for 10 December 2015.

Caroline provided an update on the work of the Public Audit Committee of the Scottish Parliament, including recent evidence taking sessions on governance at Coatbridge College. She advised that the PAC work programme was now full until the end of the Parliamentary session in March 2016. She updated the Board on forthcoming publications and advised of Audit Scotland's work with the Parliament more widely, for example on the new fiscal framework.

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Caroline referred to her attendance at the International Ethical Standards Board for Accountants and NOCLAR Taskforce in New York on 30 November and 1 December 2015, and reminded the Board that those meetings concluded her term of appointment.

She reminded the Board that, as usual, the Audit Scotland offices formally closed between Christmas and New Year, but that arrangements are in place to manage the Comptroller function during that time.

5. Accounts Commission Chair's Report

Douglas Sinclair provided an update on the work of the Accounts Commission since the previous meeting of the Board, including the recent 40th anniversary event to which Board members had been invited. He advised that he had recently met with members and officers at Moray Council to discuss the finding of the recent Best Value audit, and that the progress evident in Moray Council demonstrated the value of regular audit and reporting.

Douglas also advised on the publication, jointly with the Auditor General for Scotland, of the first report on Health and Social Care Integration one of the most significant public sector reforms since 2000.

6. Minutes of the meeting dated 29 October 2015

The Board considered the note of the meeting of Board members on 29 October 2015, which had been previously circulated. Subject to minor amendment the Board members who had been present confirmed the note as an accurate record of their meeting. The Board noted, as they had at the time, that the meeting on 29 October 2015 had been inquorate, but having considered the note adopted and ratified it.

The Chair advised that, as previously discussed the question of the quorum should be considered in early 2016 as part of a review of Standing Orders, alongside the question of proxies.

7. Review of the Actions Tracker

The members noted the update provided by the Action Tracker, which had been previously circulated, subject to minor amendment.

8. 2015/16 Spring Budget Revision

Steve Murray, Finance Officer, joined the meeting.

Russell Frith introduced the 2015/16 Spring Budget Revision report, which had been previously circulated. He invited the members to consider and approve the proposed submission of a request to the SCPA for an amendment to our 2015/16 budget to fund increased pension charges.

Members acknowledged the additional funding would be provided through the Annually Managed Expenditure process.

Following detailed discussion members approved the submission to seek additional funding as set out in the report.

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Action(s):

- **The Corporate Finance Manager to submit a request for an amendment to our 2015/16 budget in relation to pension charges. (December 2015)**

9. **Q2 Financial Performance Report**

Steve Murray, Finance Officer, introduced the Q2 Financial Performance report, which had been previously circulated and had been considered earlier at the meeting of the Audit Committee. Steve invited the Board to note the results for the six months to September 2015.

Following discussion, the members noted the results presented.

Steve Murray, Finance Officer, left the meeting.

10. **Q2 Corporate Performance Report**

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the report on Q2 Corporate Performance, which had been previously circulated.

Martin invited members to note the level of activity reported with 99% of reports being delivered and only one report rescheduled to Q3. Following discussion an explanation was provided on the impact that the timing of laying Section 22 reports had on the achievement in the quarter.

Douglas commented that he was impressed by the work being undertaken to support wellbeing and personal growth, and there was a discussion about the use of flexible contracts, secondments and the recruitment of trainees.

The members noted the report and the performance achieved in the quarter.

11. **Becoming World Class Improvement Programme: Q2 Update Report**

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the second quarterly report on the Audit Scotland Becoming World Class Improvement Programme.

Martin invited members to consider the progress reported on the programme and welcomed any comments on proposed actions.

Following discussion, the members noted the report on progress.

12. **Securing World Class Audit**

(a) Ethical Standards – Further Discussion

Russell Frith, Assistant Auditor General, introduced the discussion paper on Ethical Standards, a copy of which has been previously circulated.

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Russell invited members to discuss the application of the principles of the ethical standards to the role of Board members and to agree Audit Scotland's position on the matter.

There was a detailed discussion during which members agreed on the primary importance of independence to the work of the Auditor General, the Accounts Commission and Audit Scotland, and that in respect of the board that needed to sit alongside the requirement that board members have a breadth of public sector expertise to draw from. The Board agreed that the question of independence and the application of ethical standards involves consideration of perceptions as well as arrangements to address any actual conflicts.

Following discussion it was agreed that the Board supported the report and that in line with practice in introducing revised ethical standards in the private sector, transitional arrangements should be put in place to allow existing commitments on audit committees to continue until those appointments expired.

It was noted that Heather Logan would therefore write to the Scottish Public Sector Ombudsman to advise that she would not be seeking re-appointment to her role on the Audit and Advisory Committee and to set out how the perception of any conflict with her role on the board would be handled until her existing appointment expired.

It was agreed that all Board members would consider whether any transitional arrangements needed to be made for any of their commitments.

Following discussion, the Board approved the draft statement at Appendix 4

“The Auditor General and the Accounts Commission are solely responsible for securing the audit of public bodies in Scotland. They, the auditors appointed by them and the Controller of Audit are responsible for all audit judgements. Audit Scotland's role is to provide services to the Auditor General and the Accounts Commission.

The Audit Scotland Board's role is to provide oversight and challenge to Audit Scotland's use of resources and rigour to the decision making processes. It is responsible for the preparation of the Corporate Plan, annual budget submitted to the Scottish Parliament, the annual report and accounts and for the setting of audit charges.

The Board has two committees, an audit committee which has oversight of internal control, the appointment and work of internal audit and recommending approval of the annual report and accounts to the Board and; a remuneration and human resources committee which has oversight of significant human resource policies and sets the remuneration of senior staff.

Audit Scotland Board members, acting in that role, do not undertake audit work and the Board has no role in making or approving audit judgements, opinions or reports. Board members do not seek to influence auditors, the Auditor General, the Accounts Commission or the Controller of Audit in the conduct or reporting of any audit work. If any conflicts do arise as a result of holding governance roles at audited bodies then these are handled in accordance with the Code of Conduct for Board members.”

Actions:

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Heather Logan to write to the SPSO advising of the to resign at the end of her current appointment and outlining the transitional arrangements to be put in place to manage the perception of conflict. (January 2016)

Board members to consider whether any transitional arrangements need to be put in place for existing appointments. (January 2016)

The statement on handling conflicts of interest adopted by the Board to be added to the Audit Scotland website corporate governance section. (December 2015)

13. Making A Difference – Annual Review and Refresh of the Corporate Plan

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Annual Review and Refresh of the Corporate Plan which has been previously circulated.

Martin invited the Board to note and comment on the proposed approach to refresh the plan and corresponding timetable.

Following discussion, members approved the approach outlined in the report.

14. Board Openness and Transparency

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the report on Board Openness and Transparency, a copy of which had been previously circulated and invited members to consider the options for, and practical implications of, changes to the arrangements for increased openness and transparency around the conduct of Board business.

The Chair advised that Russel Griggs requested that the item be deferred to the next meeting of the Board so that he could take part in the discussion.

The Board agreed to defer the item to the next meeting.

Action:

The Board Openness and Transparency report to be deferred to the next meeting of the Board. (February 2016)

15. Property Update – 102 West Port, Edinburgh

Diane McGiffen, Chief Operating Officer, provided a verbal on the recent move to new office premises at 102 West Port, Edinburgh.

The Board welcomed the update and thanked staff from across Audit Scotland for enabling a smooth and successful move.

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16. AOB

There was no further business.

17. Date of Next Meeting

It was noted that the next Audit Scotland Board meeting had been scheduled for **Thursday 18 February 2016** in the offices of Audit Scotland, 102 West Port, Edinburgh., but that an alternative date was being sought for February.

MEETING: 11 FEBRUARY 2016

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. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
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

4. On 14 January, the report on [Major Capital Investment in Councils – Follow Up](#) was published. The report found that councils had made some progress on the recommendations made by the Commission in 2013 but overall they need to increase the pace of improvement to comply with good practice. COSLA's finance spokesman was critical of the report saying that it is "inaccurate and misleading by failing to acknowledge councils only received capital grants on a year-to-year basis". The Guardian published a full length piece on the report; it was also covered in various Scottish daily newspapers. The report has been downloaded 711 times and the podcast downloaded 167 times.
5. At its meeting on 21 January, Argyll and Bute Council met to consider the [Commission's findings](#) on the report of the Best Value audit of the Council, published on 17 December. The Council welcomed the report and agreed to accept the recommendations and produce an implementation plan to address them. Since the report was considered by the Commission on 10 December it has been downloaded 1395 times.

Audit Scotland

6. The Scottish Commission for Public Audit has published its report approving Audit Scotland's budget proposal for 2016/17. At an evidence session at the Scottish Parliament in December, the Committee scrutinised Audit Scotland's work to revise its fees strategy, the cost and volume of audit work undertaken and the implications of the Smith Agreement on the organisation.
7. The report notes that Audit Scotland's budget proposal requests a total requirement of £6,582,000 for 2016-17. This total comprises a resource requirement of £6,382,000 and capital funding of £200,000. The resource requirement is an overall cash reduction

of £56,000 (0.9%). While the capital funding is shown as having decreased by £1,330,000 (86.9%) this reflects the one off investment made in Audit Scotland's new office premises during 2015-16.

8. The report further notes that bulk of Audit Scotland's income comes from the fees charged to local government, the NHS, Scottish Water, central government and further education for audit work. In 2016-17 Audit Scotland estimates income from fees totalling £18,177,000. Audit Scotland states that it has frozen fees for the 2015-16 audits at 2014-15 levels and expresses this as a 1.6% reduction in real terms.
9. Audit Scotland's annual Audit Services conference took place on 19 January. 190 colleagues from across the organisation attended the conference at Dunblane Hydro where the theme of the day was 'one organisation working'. Colleagues heard from the Argyll and Bute audit team, the Health and Social care integration team and the Transport Scotland audit team, all consisting of colleagues from different business groups across the organisation, on how they have worked together successfully.
10. Members of the Performance Audit and Best Value (PABV) group presented the report on [Health and Social Care integration](#) to voluntary, community, social enterprise or housing organisations involved in the integration agenda at an event hosted with Voluntary Health Scotland (VHS). The event was live tweeted by VHS and attracted a good level of interaction on the issues, especially around how auditors will interact with the voluntary sector and service users views in future audits. As a result of this event PABV have been invited to speak to Carers Trust Scotland about the report.
11. Audit Scotland's *Becoming World Class* project continues. As part of the 'Building a Better Organisation' strand of the project, representatives from across the business attended a two day workshop to develop an approach to redesigning organisational structures and job role profiles. These outcomes will now be refined through 'knowledge café' events with staff. Further updates in this regard will be made in future reports.

Issues affecting local government

Scottish Government:

12. Relationships between the Scottish Government and COSLA have worsened over the proposed funding deal for local authorities. On 29 January, 21 of COSLA's 28 council leaders voted to reject the Scottish Government's funding packages; they claim result in a 3.5% cut to council budgets. The seven councils that voted for the package are SNP-led councils. The deadline to agree to the funding proposals has been pushed back twice already and is currently set at 9 February. The City of Edinburgh is the only council so far to have set its 2016/17 budget. SPICE has produced a [briefing paper](#) on the budget and local government allocations.
13. A number of councils considered ending the council tax freeze, but this would now seem unlikely given that the Scottish Government has confirmed that councils that increase council tax would lose Government funding allocated to meet certain policy objectives.
14. The Scottish Local Government Partnership has stated that it is seeking legal advice in relation to part of the package of the financial settlement which requires that councils must pay a living wage to all staff, including those employed by the private companies used to deliver social care. The Partnership suggests that this goes against European legislation.

15. On 25 January, the First Minister announced a further £230 million of funding for the [Schools for the Future programme](#). This is the final funding for the programme and will mean an additional 19 schools will be renovated or replaced. When the programme ends in 2020, the programme will have delivered 112 schools at a cost of £1.8 billion.
16. The Transport Minister Derek Mackay announced the refreshed [National Transport Strategy](#) on 21 January.
17. On 12 January, the Island Transport Forum had its first meeting. It was chaired by the Transport Minister, Derek Mackay and includes representatives from local authorities and Regional Transport Partnerships. Its focus is on continuous improvement and fairness for transport to, from and within the islands.
18. An [independent report on tackling poverty](#) was published on 20 January. The report made recommendations to tackle poverty around three main areas – in-work poverty, housing affordability and young people’s life chances. As a result of the report, First Minister Nicola Sturgeon announced £1 million for trials of early learning and childcare initiatives.
19. The Scottish Government laid regulations to extend the requirement on public authorities to publish information on the gender pay gap and equal pay statements. The new regulations if approved would require public authorities of more than 20 employees to publish the information (it is currently 150 employees).
20. The Minister for Environment, Climate Change and Land Reform launched a £235 million [flood risk management plan](#) on January 12. The plan contains a local strategy for each of the 14 Local Plan Districts in Scotland. They are approved by Scottish Government and published by the Scottish Environment Protection Agency as Scotland’s strategic flood risk management authority. SEPA has been working in collaboration with all 32 local authorities, Scottish Water and other organisations with a responsibility or interest in managing flooding. Local Flood Risk Management Plans have been developed in parallel and will provide additional local detail on the funding and delivery timetable for actions between 2016 and 2021. The publication date for Local Flood Risk Management Plans is June 2016. Local Flood Risk Management Plans and Flood Risk Management Strategies will be updated every six years.
21. On 6 January, the First Minister launched the [National Improvement Framework for Education](#) which sets out the vision and priorities for children’s learning in Scotland. The actions from the report include the development of national standardised assessments in primary and early years of secondary school.
22. A new Chief Inspector for the Fire Service was announced on the 18 January. Martyn Emberson takes over the position after his predecessor retired.

Scottish Parliament

Parliamentary Committee News

Local Government and Regeneration Committee:

23. On 27 January, the committee considered in private the Burial and Cremation bill and the Footway and Double Parking bill.
24. At its meeting on [20 January](#), the committee took evidence from universities and former local authority chief executives to inform their legacy report. The former chief executives were; George Black (Glasgow City Council), Bill Howat (Western Isles Council), and Gavin Whitefield (North Lanarkshire Council). Part of the conversation

with the chief executives considered benchmarking indicators and the role of Audit Scotland in developing new ones.

25. At its meeting on the 13 January, the Committee recommended that the dog fouling (Fixed Penalty) (Scotland) Order 2016 be approved. At the same meeting they took evidence on the Burial and Cremation (Scotland) Bill from the Minister of Public Health and the Scottish Government.
26. On 6 January the Committee took evidence on the Burial and Cremation (Scotland) Bill from Local Authority, charity and crematorium representatives.
27. The Committee is inviting comments on its [inquiry into the Local Government Benchmarking Framework](#) (LGBF). The views it collects will be used to inform evidence sessions with SOLACE Scotland and Improvement Scotland on 24 February. The LGBF's overview report for 2014/15 is elsewhere on the agenda of today's meeting of the Commission.

Public Audit Committee:

28. At its meeting on 6 January, the Committee considered in private its draft report on the Section 22 report¹ [the 2013/14 audit of Coatbridge College: Governance of severance arrangements](#). The Committee agreed the report subject to further changes and agreed the publication arrangements. The [report](#) was published on 13 January. The Committee states that it “shares the Auditor General for Scotland’s view that John Doyle (Principal/Chief Executive) and John Gray (Board Chair) colluded to get the result they wanted”. The report recommended that:
 - The Principal should repay his severance package and it be recalculated in line with what was available to all staff.
 - The College Governance Taskforce should consider the report and learn lessons from it.
 - The Scottish Government considers the operation of the Scottish Funding Council and the effectiveness of its supervisory role.
29. On 13 January the Public Audit Committee:
 - Took evidence from the Auditor General and Audit Scotland on the section 22 report, [the 2014/15 audit of the Scottish Police Authority](#).
 - Took evidence from the Auditor General and Audit Scotland on the section 23 report, [Health and social care integration](#).
 - Considered and noted responses from the Scottish Government and the Scottish Funding Council to the Committee's [Report on the 2012/13 audit of North Glasgow College: Governance and financial stewardship](#).
 - Considered and noted the response from the Scottish Government to the Auditor General on the section 23 report [Efficiency of prosecuting criminal cases through the sheriff courts](#).
30. On 20 January the Committee took evidence from NHS 24 on the section 22 report [2014/15 audit of NHS 24: Update on management of an IT contract](#).

¹ The Auditor General for Scotland (AGS) reports to the Public Audit Committee under Section 22 of the Public Finance and Accountability Act on the accounts of Scotland’s public bodies (excluding local government).

Infrastructure and Capital Investment Committee

31. At its meeting on 6 January, the Committee took evidence on the Scottish Government's draft budget from the Cabinet Secretary for Infrastructure, Investment and Cities, the Minister for Housing and Welfare and representatives from the Scottish Government.
32. It also considered:
 - A petition for Housing Associations to come under the Freedom of Information (Scotland) Act.
 - The inquiry into the circumstances surrounding the closure of the Forth Road Bridge.
 - And in private the [Private Housing \(Tenancies\) \(Scotland\) Bill](#).
33. On 13 January, the Committee considered in private its report to the Finance Committee on the Draft Budget 2016-17. They also considered the Private Housing (Tenancies) (Scotland) Bill, and agreed to publish the report.
34. On 20 and 27 January, the Committee took evidence on its inquiry into the circumstances surrounding the closure of the Forth Road Bridge. On 20 January, it took evidence from various engineers and on 27 January, from members of the former Forth Estuary Transport Authority (FETA).
35. As part of the inquiry it has [requested written evidence](#) from interested parties. Audit Scotland [has submitted evidence](#) on FETA's accounts from 2010/11 to 2014/15 in their role as external auditor to FETA. Audit Scotland has been asked to supplement this evidence with further information on the accounts from 2002/03 onwards.

Finance Committee

36. On 6 January and 13 January, the Committee took evidence on the UK Spending Review. From the Chairman of the Office of Budget Responsibility on 6 January and the Director of the Institute of Fiscal Studies on 13 January.
37. On the 6 January, 13 January and 20 January, the Committee took evidence on the Draft Budget 2016-17:
 - On 6 January, from the Chair of the Scottish Fiscal Commission
 - On 13 January, from the Cabinet Secretary for Finance, Constitution and Economy and members of the Scottish Government.
 - On 20 January, from the Chief Executive and Director of Investments at Scottish Futures Trust and from Cabinet Secretary for Finance, Constitution and Economy and members of the Scottish Government.
38. On 27 January, the Committee considered the Scottish Government draft budget in private

Bills – Progress Updates:

39. The following Bills have progressed since my last report:
 - The [Criminal Justice \(Scotland\) Bill](#) received Royal Assent on 13 January.

- The [Land Reform \(Scotland\) Bill](#) passed to stage 2 on 20 January. It is being considered by the Rural Affairs, Climate Change and Environment committee. SPICE has produced a [briefing](#) on the bill.
 - The [Scottish Fiscal Commission Bill](#) passed stage 1 on the 14 January, it is now being considered by the Finance Committee.
 - Stage 2 scrutiny of the [Community Justice \(Scotland\) Bill](#) by the Justice and Finance Committees has begun.
40. The following Bills have not progressed further since my last report:
- The [Education \(Scotland\) Bill](#) is being considered at Stage 2 by the Education and Culture committee.
 - The [Footpath Parking and Double Parking \(Scotland\) Bill](#) is being considered at Stage 1 by the Local Government and Regeneration Committee.
 - The [Private Housing \(Tenancies\) \(Scotland\) Bill](#) is being considered at Stage 1 by the Infrastructure Investment Committee.

Scotland Bill - Updates:

41. The Smith Commission's proposals were considered within the Scottish and UK Parliaments, principally through the [Referendum \(Scotland\) Bill Committee](#) (previously Devolution (Further Powers) Committee) and [Scottish Affairs Committee](#) respectively. [The Scotland Bill 2015-16](#) has now been approved by the House of Commons and had its second sitting at the House of Lords on 19 January. The bill is now at the committee stage.
42. The Scottish Affairs Committee launched an inquiry on [Revising Scotland's Fiscal Framework](#), they took evidence on 13 January. Committee members will examine the progress made in establishing a funding settlement to underpin new powers and will examine how the block grant will be affected by the devolution of revenue and spending powers under the Scotland Bill.
43. On 1 February, John Swinney attended talks with the Treasury. There remain difficulties around agreeing a settlement that fulfils the Smith Commission's 'no detriment' principle: this states that neither the UK nor Scotland should be worse off as a result of the settlement. The Scottish Government states that it is hoping for a deal to be reached by 12 February.

Current activity and news in Scottish local government:

44. Sally Loudon is to be the new COSLA chief executive from May; she will take over from Rory Mair, who retired on 1 February. Sally is currently the chief executive of Argyll and Bute Council.

Individual councils:

45. The City of Edinburgh is the first Scottish council to set its 2016/17 budget. It will make savings of £85.4m, against a budget of £950m. Councilors agreed to withdraw some proposed cuts after a public consultation highlighted them as unpopular, for example cuts to music tuition and staff at the council's in-house care home.
46. Two recent announcements mean that Aberdeen City and Aberdeenshire will receive £504 million over the next 10 years:

- £250 million from the Scottish Government and UK government as part of a [City Deal](#) arrangement which will help unlock £1.8 billion of private investment by funding an energy innovation centre and an expansion of the city's harbour.
 - £254 million from the Scottish Government for key infrastructure projects in Aberdeen and Aberdeenshire.
47. Both governments have also announced funding packages for the oil and gas industry. The UK government pledged £20 million and the Scottish Government pledged £24.5 million.
48. Jim McCabe the Labour leader of North Lanarkshire Council has announced that he will resign in February, after the Council has set its budget for 2016/17.
49. The Liberal Democrats have withdrawn from the administration at East Dunbartonshire, which leaves a Labour / Conservative administration with 11 members in administration and 13 in opposition.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO):

50. The newsletter [SPSO News – January](#) summarises December 2015 case numbers, outlines investigations reports, recent SPSO news and highlights emerging issues. More information on the SPSO's work, including detailed Investigations and decision reports, is available on the [Our findings](#) webpage. More detailed intelligence from the SPSO is considered on a six-monthly basis by the Financial Audit and Assurance Committee.

Commissioner for Ethical Standards in Public Life in Scotland:

51. Since the previous meeting of the Commission, one decision on complaints relating to councillors was published by the [Commissioner](#). The Commissioner decided [Councillor David Stocks](#) of North Lanarkshire Council did not contravene the Councillors' Code of Conduct.

Standards Commission for Scotland:

52. A hearing by the Commission on the 12 January concluded that [Councillor Willie Young](#) of Aberdeen City Council had breached the code; it imposed a sanction of censure. Councillor Young had breached the code by inadvertently disclosing confidential information relating to the Marischal Square development.

Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)

53. On 18 December HMICS published its [annual report](#). The report states that overall performance across Police Scotland remains strong with officers and staff committed to providing a good service to communities.

Equalities and Human Rights Commission (EHRC)

54. On 20 January the EHRC published [Is Scotland Fairer?](#), the Scottish supplement to its 2015 report [Is Britain Fairer report?](#). The report states that, compared to five years ago, when the Commission published its 'How Fair is Britain' report, for many people in Scotland society is getting fairer. However, for women, young people and disabled

Scots there are some concerning factors that will need action, either at a Scottish or UK level.

Other UK Audit Bodies

National Audit Office:

55. On 12 January the National Audit Office published a [report on local welfare support](#) by central and local government. It found that councils are providing less or are stopping discretionary local welfare support and less is being spent overall than in 2013. It highlights that the consequences of this gap in provision is not well understood.

Public Accounts Committee

56. On 13 January, the Public Accounts Committee published its [report](#) on the economic regulation of the water industry in England and Wales. It found that Ofwat's approach to setting price limits had not resulted in the best possible deal for customers.
57. On 25 January, the Committee took evidence on the disposal of public land for new homes and strategic flood risk management. It plans to assess progress against the recommendations made in its previous reports in this regard.

Wales Audit Office

58. The Wales Audit Office (WAO) has launched a [study](#) into Council income generation. It will consider how councils manage services that they generate an income from. The study will look at the amount of money involved, and its impact on residents and businesses and the council's strategic planning. The WAO plans to publish the results of the study in summer 2016.
59. On 13 January, the Auditor General for Wales published a report on [Local Government Accounts](#). The report highlights that the number of bodies where accounts had to be amended for material items had increased again. No accounts were qualified this year although one whole of government accounts return was qualified.

Conclusion

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

Paul Reilly
Secretary to the Accounts Commission
3 February 2015

MEETING: 11 FEBRUARY 2016**REPORT BY: SECRETARY TO THE COMMISSION****LOCAL GOVERNMENT BENCHMARKING FRAMEWORK: OVERVIEW REPORT FOR 2014/15**

Purpose

1. This report advises the Commission of the publication of the Local Government Benchmarking Framework: Overview Report for the year 2014/15.

Background

2. On 29 January 2016, the Improvement Service, on behalf of all 32 Scottish councils, published the Overview Report for the Local Government Benchmarking Framework (LGBF) for the year 2014/15. The report is attached in the Appendix.
3. The Commission has been monitoring in recent years the progress of the LGBF 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, in November 2015, the Commission agreed a new statutory performance information strategy which includes a recognition of the increasing maturity of, and the Commission's ongoing support for the further development of, the LGBF. Subsequently, on 23 December 2016, the Commission published its 2016 Statutory Direction on performance information. In line with the aim of less prescription, the Direction has only two statutory performance indicators for councils to report: one in relation to corporate characteristics and service and outcome performance, and one requiring councils to report in accordance with the Benchmarking Framework.

Previous consideration

5. Last year, on considering the overview report at its February meeting, the Commission agreed:
 - To express to the project board the Commission's support for those areas of further development as set out in the report, particularly in relation to the development of indicators in customer satisfaction and social services.
 - To seek clarity from the board on timescales in this regard.
 - To meet with the project board to this end.
6. The Commission subsequently engaged with the Board to this end, including a meeting in August 2015 between the Commission Chair and Deputy Chair and the project's Board.

The report

7. 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.

8. 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 2011 to 2015. For consistency the data is reported in financial rather than calendar years. For each unit cost indicator the change over the five 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”.
9. 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.
10. In relation to the specific areas of further development previously raised by the Commission (paragraph 5 above), these are all recognised by the project’s Board, and how they are being taken forward is set out on page 63 of the report. Specifically on its interest in seeing the development of indicators in relation to customer satisfaction, the Commission will continue to liaise with the Board in this regard.

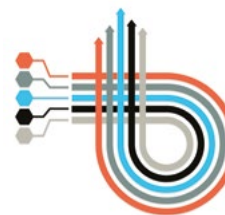
Next steps

11. Audit Scotland will be considering the report in relation to its implications for the Commission’s work, notably for the shared risk assessment process and its work programme. The Commission will also consider the progress of the Framework when it reviews its performance information Direction, which it will do towards the end of the calendar year.
12. As part of its Engagement Plan, the Chair and Deputy Chair of the Commission meet regularly with the constituent members of the Board, namely the Improvement Service, COSLA and SOLACE. In addition, I attend meetings of the project’s Board in an observer capacity. (Fraser McKinlay fulfilled a similar role until the end of last year). I will continue to update the Commission on developments as appropriate.

Conclusion

13. The Commission is invited to:
 - a) Note the publication of the Local Government Benchmarking Framework: Overview Report for 2014/15.
 - b) Note the engagement arrangements in relation to the project.
 - c) Note that Audit Scotland will be considering further the implications of the report on its work.

Paul Reilly
Secretary to the Commission
3 February 2016



Local
Government
Benchmarking
Framework

National Benchmarking Overview Report 2014/15



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Preface

This is the fourth annual report for the Scottish Local Government Benchmarking Framework (LGBF). All 32 Scottish councils have worked with the Improvement Service (IS) over the last five years to develop a common approach to benchmarking, which is grounded in reporting standard 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, 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.

To ensure comparability across 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. 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.

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, semi-rural, 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 the current priority is on improving the outcome benchmarks for preschool and school provision in Scotland and for social care. 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 the wider achievements of pupils. Improvements here will build on the Curriculum for Excellence and also reflect developments within the National Improvement Framework for Education. Stronger measures to support improvements in outcomes for older people are imperative. This development is particularly important given the complex changing landscape of Health and Social Care integration.

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
Chairman, Improvement Service
And COSLA President

Malcolm Burr
Chair of SOLACE (Scotland)

Executive Summary

The benchmarking 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 supports evidence based comparisons between similar councils so that they can work and learn together to improve their services.

Across the five year period for which we present data, the headline findings for Scotland as a whole are that councils have achieved substantial improvements in efficiency and productivity while service output and outcomes have been maintained and improved. This achievement against increasing budget pressures and growing demand provides clear evidence of local government's progressive ambitions for its communities.

In the last 12 months, while this trend has continued across the majority of services, there is evidence that the ongoing budget constraints are beginning to impact upon some service areas. Given further projected major reductions to public budgets across the coming period, it will be important to closely monitor the impact on local service levels, service quality and public confidence in local services.

The key national trends are:

Education Services

1. Despite real reductions in the education budget, the number of pre-school and primary places in Scotland has increased by 30,000, and the available measures of educational outcome continue to show positive progress. Work is underway with education partners to strengthen the educational outcome benchmarks included within the LGBF. This will include the introduction of outcome measures for pre-school/primary aged children in line with the development of the National Improvement Framework for Education. Senior phase benchmarks will also be strengthened to align with Curriculum for Excellence and better reflect the wider range of measured achievement at school.
2. In pre-school education, after falling over the previous 4 years, costs per place have increased in the last 12 months by 8.4%. This reflects the additional costs associated with the new entitlement introduced in the Children and Young People (Scotland) Act 2014. Overall however, there has still been an 8.1% reduction in the cost per place since 2010/11. Significantly, the total number of pre-school places provided by councils has risen by 10.2% across Scotland since 2010/11, providing an additional 9,413 places. This has been achieved against a backdrop of a 1.3% increase in gross expenditure during the same 5 year period.
3. In both primary and secondary education, there has been a reduction in real costs per pupil since 2010/11 (10.8% and 4.1% respectively). The rate of this reduction for secondary pupils has been marginal since 2011/12. In primary education a 5.9% reduction in real gross expenditure has occurred in parallel with a 5.5% increase in pupil numbers. In secondary education, there was a 5.4% fall in pupil numbers, however the reduction in gross expenditure was proportionately larger (9.3%). Given the importance of salary costs in education spend, the retirement of older teachers and savings across management structures have had an influence in this area.
4. This reduction in education costs has been accompanied by a continued improvement in relation to educational attainment. There has been a 6.3 percentage point increase in the percentage of pupils achieving 5+ awards at SCQF level 6 since 2010/11, and a 4 percentage point increase in young people entering positive destinations upon leaving school (a rise from 88.9% to 92.9%).

5. Continued progress is also being made in relation to attainment for those pupils in the 20% most deprived communities. Attainment of 5+ awards at level 6 increased from 12.6% to 12.8% in the last 12 months, and by 4.8 percentage points over the past 5 years. While over the longer term, the most deprived pupils have seen attainment rise faster than their least deprived peers, the rate of improvement has slowed in the past 12 months, and is now slower for pupils from the most deprived areas compared with the total population.
6. Satisfaction with schools has fallen for the second year in a row, reducing from 81% to 79% in the past 12 months, and reducing by 4 percentage points since 2010/11, from 83% to 79%. The LGBF satisfaction data is drawn from the Scottish Household Survey, and represents satisfaction levels for the public at large rather than for service users.

Adult Social Care

7. There has been an increase in the percentage of people with intensive needs who are being cared for at home whilst both home care unit costs and residential care unit costs (net) have decreased. Understanding these trends will be particularly important given the complex changing landscape of Health and Social Care integration and the introduction of new governance and accountability arrangements.
8. Home care costs per hour for over 65s have fallen by 7.2% in the past 5 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. Although the actual number of people receiving home care has reduced, the hours they are receiving on average has increased. This reflects the greater 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 11.6% shift from local authority (LA) provision to private/voluntary provision during this period. This may have contributed to reduced costs through lower salary and pension costs.
9. Care home costs (net) per place for over 65s have decreased by 3.3% since 2012/13, although in the last 12 months they have increased very slightly by 0.3%. While the number of adults supported in care homes has increased since 2012/13, there has been a reduction in net expenditure. This appears to have been driven by the increase in the number of self-funded clients over this period. It is not possible to provide a comparison across 5 years due to a change in the way support costs have been apportioned.
10. Councils have continued to succeed in improving the balance of older people with intensive needs being cared for at home. The percentage of people with intensive needs receiving care at home has increased year on year from 32.2% in 2010/11 to 35.6% in 2014/15. The rate of improvement has increased during the past 12 months. This growth to a large degree reflects new demand to the system resulting from demographic change rather than a transferal from residential care.
11. The proportion of spend allocated via Direct Payments and Managed Personalised Budgets has increased year on year in the past 5 years. There has been an increase of 5.3 percentage points from 1.6% in 2010/11 to 6.9% in 2014/15. This reflects the impact of Self-directed Support policy which increases individual's choice and control over their social care and support.
12. The percentage of the public satisfied with social care/work services has decreased year on year since 2010/11. Satisfaction has dropped from 62% in 2010/11 to 51% in 2014/15 which represents the lowest level of the satisfaction measures included in the framework.

Culture & Leisure Services

13. Across culture and leisure services, costs per visit/attendance have significantly reduced since 2010/11. Substantial increases in visitor numbers for sports (15.9%), libraries (28.6%) and museums (33.8%) have been achieved against a backdrop of a 15% reduction in gross expenditure. The growth in visitor numbers for libraries and sports facilities has slowed in the past 12 months. Public satisfaction rates for all culture and leisure facilities, except parks, have fallen in the last 12 months.

Environmental Services

14. Against an overall 14% reduction in gross expenditure on environmental services, councils have largely succeeded in maintaining or improving performance levels in relation to recycling, street cleanliness, roads condition and public satisfaction.
15. Recycling rates continue to improve across Scotland from 41% in 2011/12 to 42.8% in 2014/15. This reflects efforts being made to achieve Scotland's Zero Waste 60% household waste recycling target by 2020. While the combined net costs of waste management per premise (collection plus disposal) have reduced by 0.1% since 2012/13, there has been a shift in costs from waste disposal to waste collection. This indicates an increased investment in collection infrastructure which is being largely offset by the savings made through avoiding landfill taxes.
16. Street cleaning costs per 1,000 population have reduced by 25.6% since 2010/11. During this time public satisfaction levels have improved from 73% to 74%. This indicates effort has been taken to protect key areas of public concern even in the context of reducing budgets. In the past 12 months, there has however been a reduction in the average cleanliness score, which has reduced from 96.1% to 93.9%.
17. Roads maintenance costs per km have reduced in real terms by 28.1% since 2010/11 and 14.2% since 2011/12 (adjusting for the particularly bad winter in 2010/11). During this time, there has been improvement in the condition of the roads network in terms of Class A and Unclassified roads, and only very slight deterioration in Class B and C roads.

Corporate Services

18. In relation to overall council corporate and support costs, these continue to account for only 5% of total gross revenue spend for local government across Scotland. There has been a 14.4% real terms decrease in costs of the democratic core per 1,000 population since 2010/11.
19. The cost per dwelling of collecting council tax has reduced by 26% over the five year period, with the rate of reduction accelerating in the past two years. Increased use of new technology underpins the reduction in costs for many councils. As costs reduce, the collection rate remains high and has shown steady improvement from 94.7% in the base year to 95.5% in 2014/15.
20. The management of sickness absence is a major priority for councils in their efforts to manage their costs. Against a backdrop of significant restructuring and reorganisation, the average number of sickness days per employee has remained static at 10.8 days. This reflects a small increase in the last 12 months following an improvement in the intervening years. For teaching staff, there has been a reduction since 2010/11 from 6.6 days to 6.3 days. Again, there has been a small increase in the last 12 months from 6.1 days to 6.3 days.

21. There has been continued improvement in relation to ensuring equal pay opportunities across genders within councils. The percentage of women in the top 5% earners in councils has increased from 46.3% to 51.7% between 2010/11 and 2014/15.

Housing Services

22. Councils continue to manage their stock well with a reduction in rent lost to voids since 2010/11 and consistent and significant improvements in terms of housing standards and energy efficiency standards. However, at the same time, the growth in tenants arrears from 5.6% to 5.9% reveals evidence of the increasing financial challenges facing both housing residents and councils alike.

Economic Development

23. Since 2012/13 the percentage of unemployed people assisted into work from council funded/operated employability programmes rose from 9.6% to 14.2% of the total unemployed population.

Conclusion

24. With further challenging budgets anticipated from 2016/17 onwards, it should not be assumed that the improvements will simply continue. Many efficiency and productivity gains have been taken already and further gains will be much harder to achieve. Given that, it is important that the LGBF is refined and improved so that it can monitor the impact and trends on levels of service, uptake and use of services, customer satisfaction with services, and outcomes for individuals and communities. Robust and honest reporting will be essential to informing and empowering the public.

Introduction

The Local Government Benchmarking Framework now has five years data and that allows key trends across the period to be identified. In terms of movement in spending across the period in cash terms, education has been almost static, social care has grown by around 3%, and all other areas have experienced substantial current budget reduction. In real terms¹, i.e. spending power after taking account of inflation, all areas of service, with the exception of social care, have experienced reductions of over 5% and, in some cases, reductions of 15% to 27%.

The data in this report shows that councils have protected priority areas such as education and social care, and have actively shifted resources to accommodate the care and support needs of an ageing population. Some of the areas that have faced the most severe reductions have made some of this good by self-generated income and developing alternative funding sources (e.g. Leisure and Cultural Trusts). The data in the report solely captures councils current spend.

Table 1: Changes in Real/Cash Expenditure since 2010/11 (£'000s)*

		Scotland Level					Change
		10-11	11-12	12-13	13-14	14-15	10/11-14/15
Education	Cash	£4,014,907	£3,921,455	£3,946,388	£3,978,658	£3,999,497	-0.4%
	Real	£4,300,089	£4,135,771	£4,087,192	£4,035,600	£3,999,497	-7.0%
Adult Social Care**	Cash	£2,551,691	£2,560,691	£2,688,155	£2,756,271	£2,820,436	2.7%
	Real	£2,732,940	£2,700,638	£2,784,066	£2,795,719	£2,820,436	-4.1%
Culture and Leisure	Cash	£2,547,341	£534,600	£521,374	£522,514	£510,119	-8.9%
	Real	£2,587,929	£563,817	£539,976	£529,992	£510,119	-15.0%
Environmental	Cash	£2,602,015	£700,628	£692,358	£706,279	£700,364	-0.4%
	Real	£2,619,731	£738,919	£717,061	£716,387	£700,364	-7.0%
Roads	Cash	£379,937	£324,455	£348,350	£314,664	£295,554	-22.2%
	Real	£406,924	£342,187	£360,779	£319,167	£295,554	-27.4%
Central Support services	Cash	£783,855	£806,185	£796,541	£757,513	£768,894	-1.9%
	Real	£839,533	£850,245	£824,961	£768,354	£768,894	-8.4%

* Table 1 includes expenditure covered by the LGBF measures. While the LGBF measures reflect the significant areas of Local Government expenditure, there are some minor areas of spend excluded, which accounts for differences with Scottish Government published expenditure data.

** Two councils are excluded from these figures due to incomplete returns in 2010/11.

The striking trend across Scotland is that this financial tightening has not reduced service to the public or the impact of services. Despite a 15% real cut in council spending, attendances at leisure facilities, libraries and museums went up by more than 20% and the cost to councils per attendance came down by 30%. Despite real reductions in the education budget, the number of pre-school places in Scotland was increased by 10,000 and the number of primary places increased by 20,000. This was largely through more efficient and productive use of existing resources. Despite major real cuts to the roads budget, the condition of “A” roads improved marginally and the condition of “B” roads was held constant.

Equally, across the period, all the available measures of impact and outcome improved: the achievement of children in S4 and S5 improved overall year by year, as did the performance of

¹ Real terms expenditure is calculated using the UK Treasury GDP deflators; source: <https://www.gov.uk/government/statistics/gdp-deflators-at-market-prices-and-money-gdp-september-2015-quarterly-national-accounts>

children from the most deprived areas of Scotland. There is still an “inequality gap” as the rate of improvement remains higher for children from non-deprived areas. Though care costs per hour came down, the number of older people with high dependency needs being supported to live at home has gone up. Across the whole framework, no measure of output or outcome has gone down on the whole Scotland average.

Table 2: Change in Performance and Productivity

		Change* base# - 14/15
Education	No of pre-school places	10.2%
	No of primary pupils	5.5%
	% of pupils gaining 5+ awards at level 6	6.3%
	% pupils from deprived areas gaining 5+ awards at level 6 (simd)	4.8%
	Proportion of pupils entering positive destinations	4.0%
Adult Social Care	Number of homecare hours provided per year	10.8%
	Direct Payment/Personalised Managed Budget spend as a % social work spend	5.3%
	% of people 65+ with intensive needs receiving care at home	3.3%
	Number of long-stay residents aged 65+ supported in care homes	-1.9%
Culture & Leisure	Number of attendances at sports facilities	15.9%
	Number of library visits	28.6%
	Number of museum visits	33.8%
Env.	Street cleanliness score (% clean)	-1.5%
	The % of total waste arising that is recycled	4.1%
Roads	% Of A class roads requiring maintenance treatment	-1.3%
	% Of B class roads requiring maintenance treatment	0.3%
	% Of C class roads requiring maintenance treatment	2.3%
	% Of U class roads requiring maintenance treatment	-2.6%
Cotporate Services	The % of the highest paid 5% of employees who are women	5.4%
	Sickness absence days per teacher	-4.9%
	Sickness absence days per employee (non-teacher)	0.1%
	% of income due from council tax received by the end of the year	0.8%
	% of invoices sampled that were paid within 30 days	3.0%
	Proportion of operational buildings that are suitable for their current use	5.3%
	Proportion of internal floor area of operational buildings in satisfactory condition	1.6%
Housing	Gross rent arrears	0.3%
	% of rent due in the year that was lost due to voids	-0.1%
	% of dwellings meeting shqs	36.8%
	Average time taken to complete non-emergency repairs	-2.9%
	% of council dwellings that are energy efficient	21.6%
Econ.	% unemployed people assisted into work from council funded/operated employability programmes	4.6%

* Where Indicators are expressed as a percentage, the “Change” denotes a percentage point change

Base year represents the earliest year’s data

This is a major achievement: funding and spending down in real terms; output and utilisation rates up, and outcomes improving. This is partly due to improvements in efficiency and productivity, and partly due to improvements in the design and targeting of services. However, with more severe budget reductions from 2016/17 onwards, it should not be casually assumed that these improvements will simply carry on. Many efficiency and productivity gains have been taken already and further gains will be much harder to achieve. There are significant upward cost pressures in the system associated with changes to pension requirements and ensuring all council and contract staff receive at least the living wage. Even if, and it is a big if, wages increased at the very low level of the last five years across the next five years, it is profoundly unlikely that the local government wages and salary bill will rise by less than 2% to 2.5% per annum.

At the same time demand for services will grow associated with demographic change, shift to prevention and the impacts of welfare reform. Though it is hard to be absolutely precise here, our best estimate is that demand growth is likely to increase across the period. Our best estimate of the impact of demand and costs pressures across the period to 2020/21 is that a gap of over 17% will open between the cost of meeting demand on current service models and the funding available to councils². This will require fundamentally rethinking service models, not just improving efficiency and productivity within existing models.

Between 2010/11 and 2014/15 Scotland's councils absorbed a 5.2% real reduction in their spending through prioritising major universal services and improving efficiency and productivity. This was also importantly supported by staff who took a substantial real reduction in their incomes. Unfortunately, that was phase 1 and phase 2, 2016/17 to 2019/20, looks like it will see more substantial budget reductions and growth in demand. To address that, transformational rather than incremental change will be necessary.

Given that, it is important that the LGBF is refined and improved so that it can monitor the impact and trends on levels of service, uptake and use of services, customer satisfaction with services, and outcomes for individuals and communities. Robust and honest reporting will be essential to informing and empowering the public. This year's report should be read in this context and against the commitment that the LGBF will itself change and improve to remain useful and relevant to future challenges.

The LGBF 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. 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 it 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

² Improvement Service 2015: *Budget Cuts Across Scottish Local Government - Update of the Strategic Finance Review Group model on the extent of future budget cuts across Scottish local public sector* (unpublished).

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 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.

Councils have begun to work together to ‘drill-down’ into the benchmarking data across a number of 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, semi-rural, 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.

Those interested in further reading may wish to visit [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.

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 called ‘My Local Council’ 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 five years covered, and a comparison with the Scottish average for all indicators.

The LGBF Framework

The framework is based on seven overall service groupings which cover the major public facing services provided to local communities, 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. For each category, standard indicators of spend and performance have been applied.

A full list of service categories and indicators is attached (**see Appendix 1**) and full technical specifications for all 56 indicators, including source details are available on the [Local Government Benchmarking Website](#).

The sources used to populate the measures include statistical returns to the Scottish Government, Scottish Qualifications Authority, The Scottish Housing Regulator, and SEPA, among others. Where data is not currently collected/published by another body or where it is published too late to allow inclusion within the benchmarking framework, councils provide

data directly to the Improvement Service.³ The Scottish Household Survey is used to provide customer satisfaction measures.

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 (<http://www.improvementservice.org.uk/benchmarking>).

The Purpose of this Report

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

1. Trends across Scotland for the key framework indicators covering the period 2010/11 to 2014/15 inclusive. For consistency we report the data in financial rather than calendar years. For each unit cost indicator we have calculated the change over the period in cash and in real terms, that is taking account of impact of inflation over time. **To explore change over time we 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 geography⁴, population distribution, size of council and the impact of deprivation⁵. Graphs are presented showing the level of variation across councils for each benchmarking measure. To improve interpretation, these graphs include only the base year and 2 most recent years.
3. Identification of areas where unexplained variation exists and significant improvement might be achieved by all councils getting close to the "best in class".

Before examining each section in turn, Table 3 below presents an overview of the Scotland trends across all LGBF indicators.

3 The LGBF is refreshed in March to reflect adjustments necessary following Scottish Government validation of the Local Finance Return.

4 Urban/rural/semi-rural groupings use Audit Scotland classifications based on population density and the proximity of densely populated settlements

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

Table 3: Overview of Local Government Benchmarking Framework Indicators

Indicator Description		Scotland					Change*	
		10-11	11-12	12-13	13-14	14-15	% change base# to 14-15	% change 13-14 to 14-15
Children's Services	Cost per primary school pupil	£5,214	£5,054	£4,921	£4,801	£4,653	-10.8%	-3.1%
	Cost per secondary school pupil	£6,878	£6,667	£6,656	£6,626	£6,593	-4.1%	-0.5%
	Cost per pre-school education place	£3,599	£3,260	£3,217	£3,051	£3,306	-8.1%	8.4%
	Percentage of pupils in s6 achieving 5+ awards at level 6	23.0%	25.0%	25.7%	28.1%	29.3%	6.3%	1.2%
	Percentage of pupils living in the 20% most deprived areas gaining 5+ awards at level 6	8.0%	9.0%	10.1%	12.6%	12.8%	4.8%	0.2%
	Proportion of pupils entering positive destinations	88.9%	89.9%	91.4%	92.3%	92.9%	4.0%	0.6%
	Percentage of adults satisfied with local schools	83.1%		83.0%	81.0%	79.0%	-4.1%	-2.0%
Adult Social Care	Home care costs per hour for people aged 65 or over	£21.57	£20.68	£21.20	£20.54	£20.01	-7.2%	-2.6%
	Direct Payment and Personalised Managed Budget spend as a percentage of total social work spend	1.6%	3.1%	5.9%	6.4%	6.9%	5.3%	0.5%
	Percentage of people aged 65 or over with intensive needs receiving care at home	32.2%	33.0%	34.1%	34.3%	35.6%	3.3%	1.3%
	Care home costs per week per resident for people aged 65 or over	£416	£420	£385	£371	£372	-10.6%	0.3%
	Percentage of adults satisfied with social care or social work services	62.1%		57.0%	55.0%	51.0%	-11.1%	-4.0%
Culture & Leisure Services	Cost per attendance at sports facilities	£4.96	£4.38	£3.95	£3.93	£3.68	-25.8%	-6.4%
	Cost per library visit	£3.86	£3.61	£3.42	£2.73	£2.57	-33.4%	-5.9%
	Cost of museums per visit	£5.19	£4.01	£4.08	£3.77	£3.53	-31.9%	-6.2%
	Cost of parks & open spaces per 1,000 population	£39,036	£36,108	£33,407	£31,178	£31,304	-19.8%	0.4%
	Percentage of adults satisfied with libraries	83.5%		83.0%	81.0%	77.0%	-6.5%	-4.0%
	Percentage of adults satisfied with parks and open spaces	83.1%		86.0%	86.0%	86.0%	2.9%	0.0%
	Percentage of adults satisfied with museums and galleries	75.5%		78.0%	76.0%	75.0%	-0.5%	-1.0%
	Percentage of adults satisfied with leisure facilities	74.6%		80.0%	78.0%	76.0%	1.4%	-2.0%
Environmental Services	Net cost of waste collection per premise			£61.23	£62.19	£65.17	6.4%	4.8%
	Net cost of wast disposal per premise			£95.57	£93.34	£91.46	-4.3%	-2.0%
	Net cost of street cleaning per 1,000 population	£21,262	£20,439	£18,160	£16,474	£15,818	-25.6%	-4.0%
	Street cleanliness score	95.4%	96.1%	95.8%	96.1%	93.9%	-1.5%	-2.2%
	Cost of maintenance per kilometre of roads	£7,809	£6,551	£6,892	£6,072	£5,618	-28.1%	-7.5%
	Percentage of A class roads that should be considered for maintenance treatment	30.3%	30.5%	29.4%	28.7%	29.0%	-1.3%	0.3%
	Percentage of B class roads that should be considered for maintenance treatment	35.8%	36.3%	35.0%	35.2%	36.1%	0.3%	0.9%
	Percentage of C class roads that should be considered for maintenance treatment	35.0%	36.0%	34.8%	36.6%	37.3%	2.3%	0.7%
	Percentage of U class roads that should be considered for maintenance treatment	41.9%	38.3%	40.1%	39.4%	39.3%	-2.6%	-0.1%
	Cost of trading standards per 1,000 population			£5,499	£5,780	£5,736	4.3%	-0.8%
	Cost of environmental health per 1,000 population			£17,742	£18,529	£17,698	-0.2%	-4.5%

Indicator Description		Scotland					Change*	
		10-11	11-12	12-13	13-14	14-15	% change base# to 14-15	% change 13-14 to 14-15
Environmental Services	Percentage of total household waste arising that is recycled	38.7%	41.0%	41.7%	42.2%	42.8%	4.1%	0.6%
	Percentage of adults satisfied with refuse collection	80.9%		83.0%	83.0%	84.0%	3.1%	1.0%
	Percentage of adults satisfied with street cleaning	73.3%		75.0%	74.0%	74.0%	0.7%	0.0%
Corporate Services	Support services as a % of total gross expenditure	4.6%	4.8%	4.7%	5.1%	5.1%	0.5%	0.0%
	Cost of democratic core per 1,000 population	£35,853	£33,189	£32,912	£32,484	£30,688	-14.4%	-5.5%
	The percentage of the highest paid 5% employees who are women	46.3%	48.5%	48.7%	50.7%	51.7%	5.4%	1.0%
	The cost per dwelling of collecting council tax	£14.79	£13.87	£13.77	£12.30	£10.94	-26.0%	-11.0%
	(Domestic noise) average time (hours) between time of complaint and attendance on site	47.8	31.6	43.2	80.7	58.9	23.1%	-27.0%
	Sickness absence days per teacher	6.6	6.2	6.6	6.1	6.3	-4.9%	3.0%
	Sickness absence days per employee (non-teacher)	10.8	10.4	10.9	10.3	10.8	0.1%	4.5%
	Percentage of income due from council tax received by the end of the year	94.7%	95.1%	95.2%	95.2%	95.5%	0.8%	0.2%
Percentage of invoices sampled that were paid within 30 days	89.5%	90.2%	90.5%	91.9%	92.5%	3.0%	0.6%	
Housing	Gross rent arrears (all tenants)				5.6%	5.9%		0.3%
	Percentage of rent due in the year that was lost due to voids	1.3%	1.3%	1.2%	1.3%	1.2%	-0.1%	-0.1%
	Percentage of council dwellings meeting scottish housing standards	53.6%	66.1%	76.6%	83.7%	90.4%	36.8%	6.7%
	Average length of time taken to complete non-emergency repairs				10.2	9.9		-2.9%
	Percentage of council dwellings that are energy efficient	74.9%	81.2%	88.8%	94.0%	96.5%	21.6%	2.5%
Corp Asset	Proportion of operational buildings that are suitable for their current use	73.7%	74.8%	75.9%	78.2%	79.0%	5.3%	0.8%
	Proportion of internal floor area of operational buildings in satisfactory condition	81.3%	82.7%	82.6%	80.9%	82.9%	1.6%	2.0%
Econ	% Of unemployed people assisted into work from council funded employability programmes			9.6%	12.5%	14.2%	4.6%	1.7%

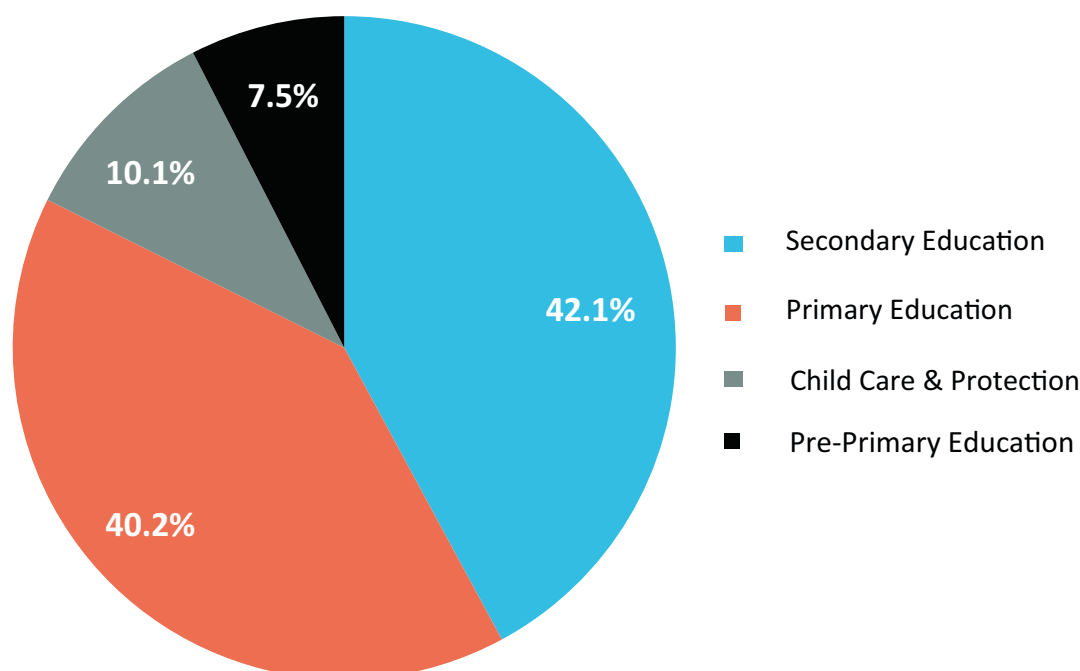
* All cost indicators are expressed in real terms, and therefore reflect 2014-15 prices

Base year represents the earliest year's data

Children's Services

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

Proportion of Gross Revenue Expenditure for Children's Services by Element 2014-15



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 below⁶.

Pre-school Provision

For pre-school educational provision for children ("nursery school"), spending has been standardised as total spend per pre-school place. Over the five year period the Scottish average for the cost per pre-school place has reduced by 8.1%, a reduction in real terms of £292 per place. Of the 32 councils, 28 have seen a reduction in unit costs since 2010/11. Significantly, during this time, the total number of pre-school places provided by councils has risen by 10.2% across Scotland, providing an additional 9,413 places. This has been achieved against a backdrop of a 1.3% increase in gross expenditure.

Cost per Pre-School Place 2010/11 – 2014/15

% Change	Cash	Real
2010/11 - 2014/15	-1.6	-8.1
2010/11 - 2011/12	-8.0	-9.4
2011/12 - 2012/13	0.5	-1.3
2012/13 - 2013/14	-3.2	-5.2
2013/14 - 2014/15	9.9	8.4

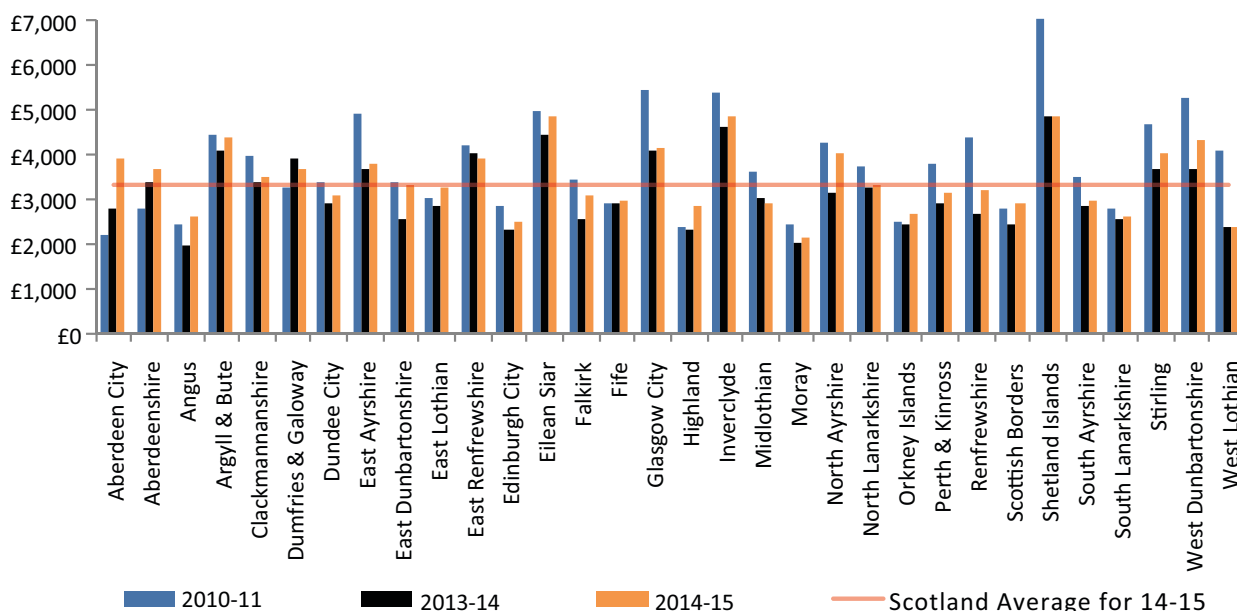
⁶ Data on Looked after Children will be published in March 2016. The Benchmarking Framework will be updated to incorporate these figures at that time

However, in the last 12 months real unit costs have increased by 8.4% after falling over the previous 4 year period. During the last 12 months, there has been an increase in gross expenditure of 6.9%, and a small reduction in the number of places provided (1.4%).

From August 2014, the Children and Young People (Scotland) Act 2014 required local authorities to increase the amount of early learning and childcare from 475 hours a year to 600 hours for each eligible child. The impact of the new entitlements has been to increase the unit cost per pre-school place due to the increased hours associated with each funded place. The additional staffing costs in delivering the new entitlements (councils have seen a 15% increase in staffing numbers since 2013/14⁷), and the commitment by councils to offer the extended hours in a way that allows parents some choice and flexibility over what pattern of hours they can get will influence costs here.

In 2014/15, the average cost per place was £3,306, with substantial variation between councils, ranging from £2,166 to £4,867 per place. This range has narrowed since 2010/11.

Cost Per Pre-School Registration



Source: Early Learning and Childcare Census, Scottish Government; council supplied expenditure figures

Smaller authorities and councils with higher levels of deprivation tend to spend more on average per pre-school place. However, this is not statistically significant and the gap between these councils and others has reduced substantially since 2010/11. Instead, it appears the variation is more likely to reflect specific local cost factors such as workforce composition and age structure, capacity utilisation of existing LA provision, and rationalisation of management overheads. In terms of workforce composition, factors such as the age, experience and grade of staff deployed may be part of the explanation as major cost elements in delivering the service. Councils continue to work 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 30.4%, the percentage of qualified teachers has reduced by 6.5 percentage points (from 16.5% in 2010/11 to 10.0% in 2014/15⁸). There has also been a small decrease in the age profile of pre-school teachers during this period.

7 Source: Early Learning and Childcare Census, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation>

8 Source: Teacher Census, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/School-Education/Summarystatsforschools>

Capacity utilisation of existing local authority provision may also be a factor explaining variation, with the balance of in-house/external provision offering some insight into differences between councils. Nationally there has been a 2.3% shift away from partner providers and toward local authority provision in the past 5 years⁹. The balance between local authority provision and private and voluntary provision varies across councils, with a higher proportion of local authority provision in more deprived areas (49% of provision in the most deprived areas is local authority provision compared to 27% in the least deprived areas)¹⁰. 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.

The increasing integration of pre-school and primary school provision in many councils, supporting a smoother transition for children, has supported the rationalisation of management overheads. This integration has delivered efficiencies through reducing property and staffing costs by enabling both the sharing of head teachers and school facilities. Across Scotland, there has been a 2.4% reduction in the number of funded pre-school/early learning centres across this period.¹¹

Pre-School Performance

Currently there are no systematic and consistent measures deployed by all 32 councils for assessing performance within the pre-school sector, or for understanding children's development as they progress through the pre-school setting.

However, the current development of the National Improvement Framework for Scottish Education¹² will address this. The framework aims to:

- Improve the attainment of all Scottish pupils, especially in reading, writing and numeracy
- Close the attainment gap between the most and least disadvantaged children
- Improve children and young people's health and wellbeing

One key element of this approach will include the development of a new standardised assessment, focusing on reading, writing, numeracy, health and wellbeing. This will enable councils to compare progress on a consistent basis. This will include a measure of children's developing cognitive, personal and social abilities at the start of school and their progress during their first school year. We will continue to work with Education partners and Scottish Government to support these developments, and progress in this important area will be provided in a future report.

Care Inspectorate Quality Evaluations for Early Years services may also offer an opportunity which merits further exploration. Findings from the longitudinal Growing up in Scotland¹³ study reveal that while the biggest impact on children's outcomes was family background, there is a positive correlation between the Care Inspectorate evaluations of services and the outcomes of children attending these services, particularly critical language and communication skills. These evaluations currently provide an overview of how services are performing at a national level, and we will work with the Care Inspectorate to explore whether information might be developed over time at a local authority level to improve understanding.

9 Source: Early Learning and Childcare Census, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/Children/Pubs-Pre-SchoolEducation>

10 Source: Inspecting and improving care and social work in Scotland - Findings from the Care Inspectorate 2011–2014

11 School Estate Survey, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/School-Education/Summarystatsforschools>

12 Source: National Improvement Framework, Scottish Government, <http://www.gov.scot/Topics/Education/Schools/NationalImprovementFramework>

13 Source: 'Growing up in Scotland: The Circumstance And Experiences of 3-Year Old Children Living in Scotland in 2007/08 and 2013', Scottish Government, <http://www.gov.scot/Resource/0048/00486729.pdf>

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 (10.8% and 4.1% respectively), although the rate of reduction in secondary schooling has been marginal since 2011/12. For both primary and secondary education, the biggest reduction in gross expenditure occurred between 2010/11 and 2011/12, with smaller reductions since then.

Cost Per Primary Pupil

In 2014/15, the average cost per primary pupil was £4,653, which is down from £4,801 the previous year, a 3.1% reduction. Since 2010/11 there has been a real terms reduction of £561 per primary pupil, representing a 10.8% reduction during this period. This reduction reflects a 5.9% reduction in real gross expenditure on primary education which has occurred in parallel with a 5.5% increase in pupil numbers.

Cost Per Primary Place 2010/11 – 2014/15

% Change	Cash	Real
2010/11 - 2014/15	-4.4	-10.8
2010/11 - 2011/12	-1.6	-3.1
2011/12 - 2012/13	-0.9	-2.6
2012/13 - 2013/14	-0.4	-2.4
2013/14 - 2014/15	-1.7	-3.1

Cost Per Secondary Pupil

In 2014/15, the average cost per secondary school pupil was £6,593, which has fallen slightly from £6,625 in 2013/14, a reduction of 0.5%. From 2010/11 to 2014/15 there was a real terms reduction of £285 per pupil, representing a 4.1% reduction in unit costs. In secondary education, there has been a 5.4% reduction in pupil numbers across this period; however the reduction in gross expenditure has been proportionately larger (9.3%).

Cost Per Secondary Pupil 2010/11 – 2014/15

% Change	Cash	Real
2010/11 - 2014/15	2.7	-4.1
2010/11 - 2011/12	-1.6	-3.1
2011/12 - 2012/13	1.7	-0.2
2012/13 - 2013/14	1.6	-0.5
2013/14 - 2014/15	0.9	-0.5

Primary and secondary cost data 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 £3,887 to £8,139 and from £5,578 to £10,921 for secondary schools. Excluding the Islands, the range per pupil for primary comes down to £3,887 to £5,733, and for secondary it comes down to £5,578 to £8,191. The distinctive physical geography and population distribution of the island councils results in a distinctive spending pattern.

A number of common factors e.g. class sizes, teacher demographics and the school estate influence the cost of provision across Scotland and may limit councils efforts in seeking to generate further efficiencies in this major area of expenditure.

Around 60% of primary and secondary school spending is teaching staff costs. This represents a fixed cost to councils given the current agreement between the Scottish Government and Local Authorities that teacher numbers will be maintained in line with pupil numbers. However, 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 7% decrease in the proportion of teachers aged 45 and over since 2010/11 in both primary and secondary provision¹⁴ although this trend varies across councils. Changes in management structures may also have influenced costs. Since 2010, there has been a 4.2% reduction in the number of senior roles within primary schools and a 13.6% reduction within secondary schools¹⁴. Again, it is likely this trend will vary significantly across councils.

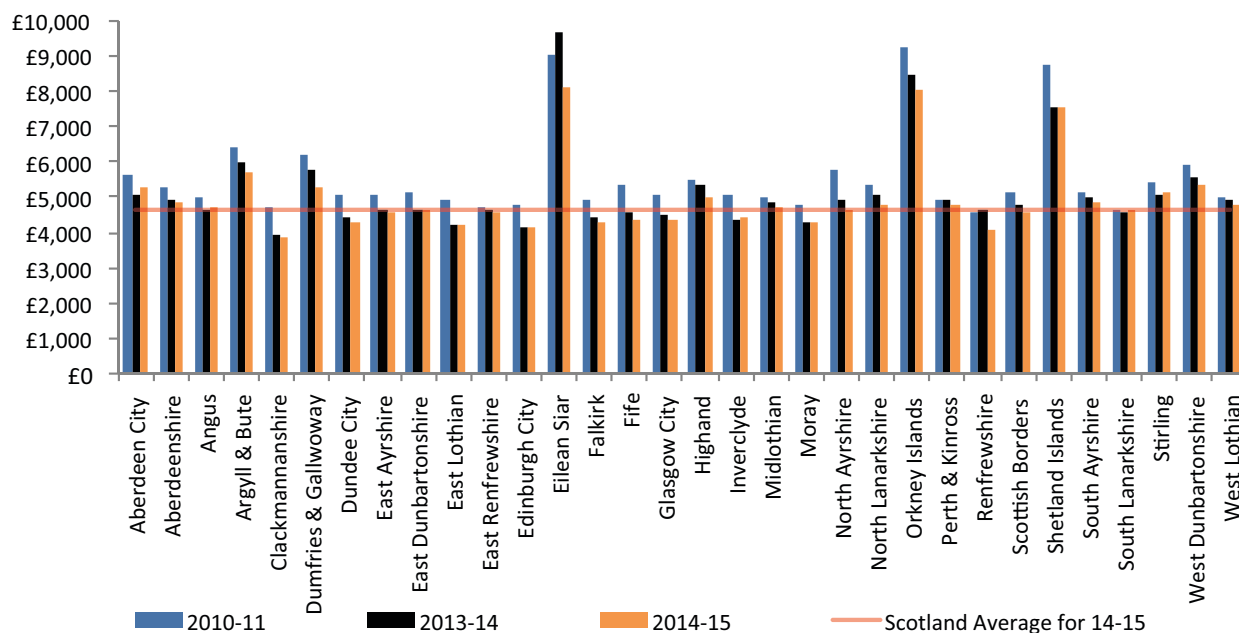
Given the agreement to maintain teacher numbers, councils are increasingly required to deliver savings in the non-ring-fenced elements of the staffing budget. Since 2010, there has been a reduction in the number of support staff in primary schools (3.2%) and secondary schools (8.4%), including a 2.1% reduction in the number of ASN staff¹⁴. However, it is worth noting that during this time, schools have continued to prioritise classroom assistants which have increased in number by 7.3% across both primary and secondary education¹⁴.

A further 20% of education spending represents operating costs of which the biggest element is the provision of school facilities themselves. As a substantial proportion of the school estate has been renewed in the last 15 years using PPP/PFI vehicles, annual contract costs are likely to be a significant factor here. Variation in pupil costs between councils will be affected by the number and condition of the school buildings they provide. There has been a small decrease in the total number of primary schools (2.1%) and secondary schools (1.6%) over this period¹⁴ which may reflect the move by some authorities to develop educational campus and hub arrangements.

The charts below indicate that despite the fixed costs associated with teacher numbers and buildings, there are still substantial variations between councils, particularly for secondary education. This variation provides opportunities to explore how some services are designed and delivered in ways that achieve greater efficiencies in expenditure. The IS will continue to work with all councils, ADES, Education Scotland and other relevant bodies to better understand the impact of the factors above and others, and fully share the insights gained.

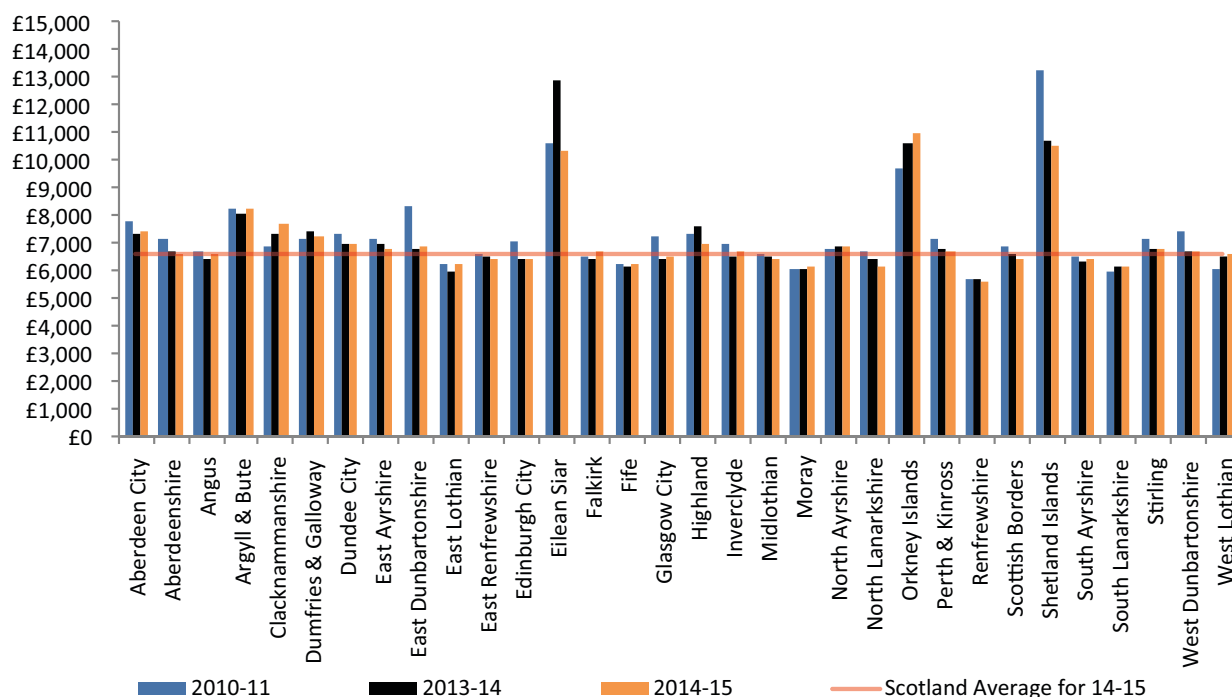
¹⁴ Source: Teacher Census, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/School-Education/Summarystatsforschools>

Cost Per Primary School Pupil



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

Cost Per Secondary School Pupil



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

Primary School Performance

As with pre-school performance 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. The National Improvement Framework¹⁵ launched in January 2016 represents a significant

15 Source: National Improvement Framework, Scottish Government, <http://www.gov.scot/Topics/Education/Schools/NationalImprovementFramework>

development here, introducing a commitment to develop new and better information gathered throughout primary school years to support individual children’s progress and to identify where improvement is needed. The aim is to develop a standardised approach to assessing progress throughout primary education which will enable councils to identify opportunities for learning and sharing of good practice. We will work closely with ADES and key educational partners to support these developments and will report in future years on this important area of development.

Secondary School Performance

Performance at secondary level is currently measured by percentage of pupils gaining 5+ SCQF level 6 qualifications (Higher A–C level) 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, the Board overseeing the Benchmarking Framework concluded that the previous 5+ at Level 5 (Standard Grade Credit and equivalent) measure should not be included this year due to difficulties in ensuring strict comparability year on year.

Going forward, 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. This work will ensure that the measures adopted within the Benchmarking framework in future years are aligned with performance measures included in the National Improvement Framework, the Insight Tool for the senior phase of schooling and other published information (e.g. Parentzone).

Performance at SCQF Levels 5 and 6

An improving trend can be seen in the SCQF level 5 and level 6 data across the years for which we have collated data. The total percentage of young people gaining 5 awards at level 5 and level 6 is increasing.

In 2014/15, 29.3% of pupils achieved 5 or more awards at level 6, an increase of 6.3 percentage points since 2010/11¹⁶. Since 2010/11, all 32 councils have seen an increase in attainment at this level. It should be noted that 5+ awards at SCQF level 6 is a demanding academic criterion, and on its own provides a rather narrow picture of attainment. This is concentrated heavily on high attainers – those who would typically progress to Higher Education towards university admissions and does not adequately reflect the outcomes and life chances of all school pupils.

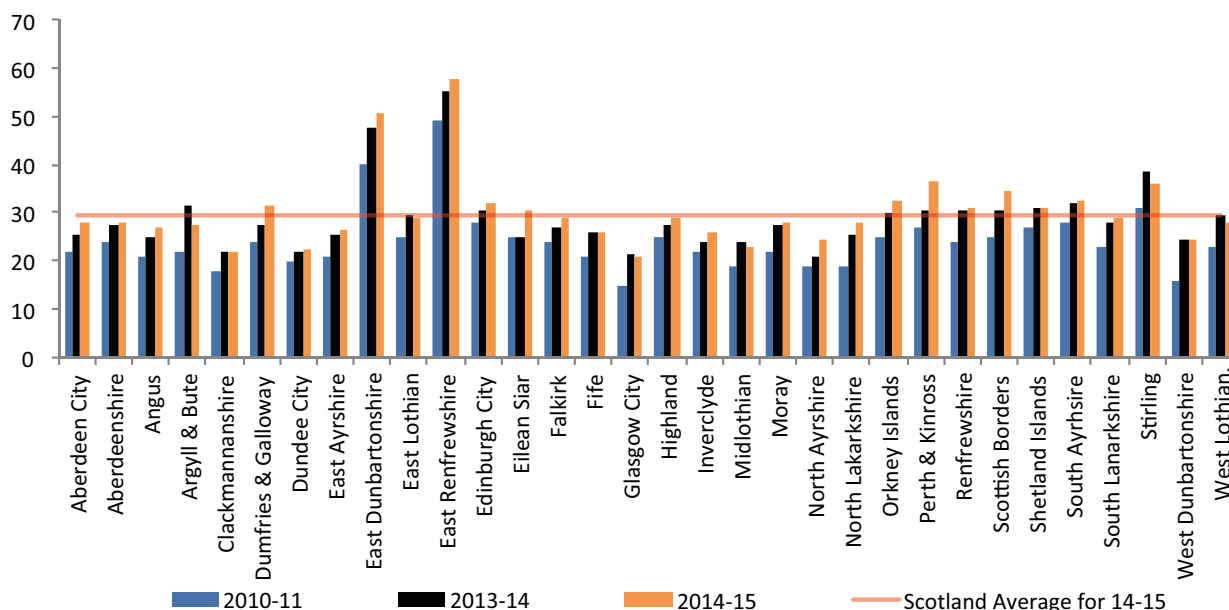
Percentage of Pupils Achieving SCQF Level 5 and Level 6 Awards

Year	% 5 or More Awards at Level 5 (2012/13)	% 5 of More Awards at Level 6
2010/11	36.0	23.0
2011/12	37.0	25.0
2012/13	39.3	25.7
2013/14	-	28.1
2014/15	-	29.3

¹⁶ The 2014/15 data refers to the percentage of the S4 roll from two years ago attaining 5 awards at SCQF Level 6 by end of S6. The data represents pre-appeal results for all 5 years for consistency. The information published within the INSIGHT tool represents post-appeal data. There have been small methodological changes in the way the results data is calculated which may have an impact on consistency.

Across Scotland, very substantial variations can be identified in level 6 qualifications for 2014/15, ranging from 21.1% to 57.6%. The range has widened since 2010/11 due to improvement at the higher performance end. Between councils, achievement varies systematically with the overall level of deprivation in the council area: this accounts for approximately 35% to 40% of the variation in outcome between councils. However, there remains a significant degree of variation in attainment between councils which is unexplained and which provides interesting opportunities to drill down further. For example, there are councils with relatively high levels of overall deprivation performing above the Scottish average and further exploration is necessary to better understand the factors contributing to performance in these areas, both at council and school level.

Percentage of Pupils Gaining 5+ Awards at Level 6

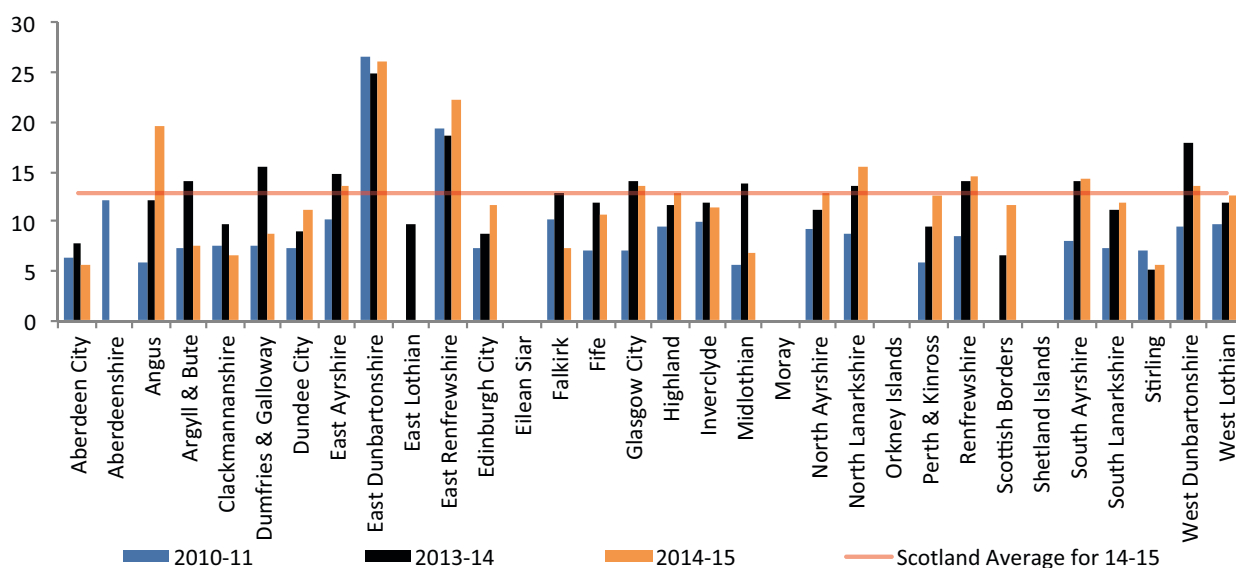


Source: Figures supplied by Scottish Government

The relationship between educational attainment and deprivation can also be seen within councils, where the average performance of pupils from the 20% most deprived areas is well below the average for other pupils in that area (12.8% for pupils from deprived areas compared to 29.3% for all pupils). Again, substantial variations can be seen across Scotland, with performance ranging from 5.6% to 26.1%, revealing there are councils with very low levels of overall deprivation who are achieving exceptional results with pupils from deprived areas. It is important to note that these trends reflect average performance across the whole council area and will mask clusters of higher and lower performance within each council area at school level.

The overall percentage for young people from deprived areas achieving 5+ at Level 6 is increasing, from 8% to 12.8% between 2010/11 and 2014/15. This represents a 4.8 percentage point improvement across the period. While the performance for children from the most deprived areas has improved year on year, in the last 12 months this improvement has slowed, and is improving at a slower rate than of the total population.

Attainment at Level 6 for 20% Most Deprived Communities



Source: Figures supplied by Scottish Government

Note: Missing values represent councils which have no pupils in the 20% most deprived communities

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

Year	% 5 or More Awards at Level 5	% 5 or More Awards at Level 6 in 20% most deprived communities
2010/11*	16.0	8.0
2011/12*	18.0	9.0
2012/13	19.5	10.1
2013/14	-	12.6
2014/15	-	12.8

* In 2010/11 and 2011/12 only rounded attainment figures were provided by Scottish Government

The work being driven forward with local authorities and schools under the Scottish Attainment Challenge will be instrumental here. The Attainment Challenge aims to deliver improvements in educational outcomes in Scotland's most disadvantaged communities. It is targeted at schools in the LA's with the biggest concentrations of households in deprived areas and is focused on improving literacy, numeracy, health and wellbeing in primary schools in these areas. Schools in these areas will benefit from greater access to expertise and resources – such as additional teachers, materials for classrooms or resource to develop new out of school activities. National and local partners will work together to identify the specific work that can be implemented successfully in classrooms and which will have a significant impact on the attainment of children from deprived communities.

We will continue to work with all councils, ADES and Education Scotland to better understand the existing 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. This work will play a key role in supporting the development and implementation of the National

Improvement Framework for Scottish Education which sets out the Scottish Government's ambition to improve educational outcomes and close the attainment gap between children from the least and most deprived communities in Scotland.

Positive Destinations

There has been continued improvement across the past 5 years in relation to the proportion of young people entering "positive destinations" after school (participation in Further Education (FE), Higher Education (HE), training/apprenticeships, employment, volunteering or Activity Agreements). In 2014/15, 92.9% of young people entered a positive destination compared to 88.9% in 2010/11. This improvement reflects the commitments enshrined in the Curriculum for Excellence 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 Workforce¹⁷.

Proportion of Pupils Entering Positive Destinations

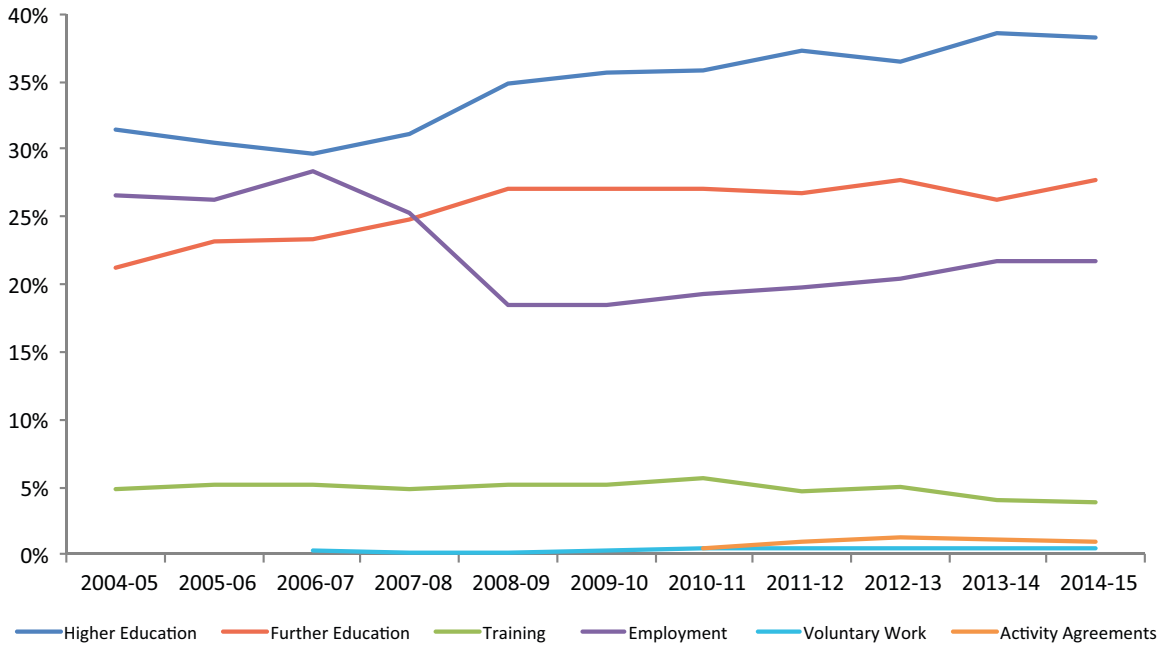
Year	% Entering Positive Destinations
2010/11	88.9
2011/12	89.9
2012/13	91.4
2013/14	92.3
2014/15	92.9

Across this period, the improvement in positive destinations reflects a 2.5 percentage point increase in Higher Education, a 2.4 percentage point increase in Employment and a 0.7 percentage point increase in Further Education. There has been a 1.8 percentage point reduction in young people entering training during this period.

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.

¹⁷ Source: 'Education Working For All! Commission for Developing Scotland's Young Workforce Final Report', Scottish Government, <http://www.scotland.gov.uk/Publications/2014/06/4089>

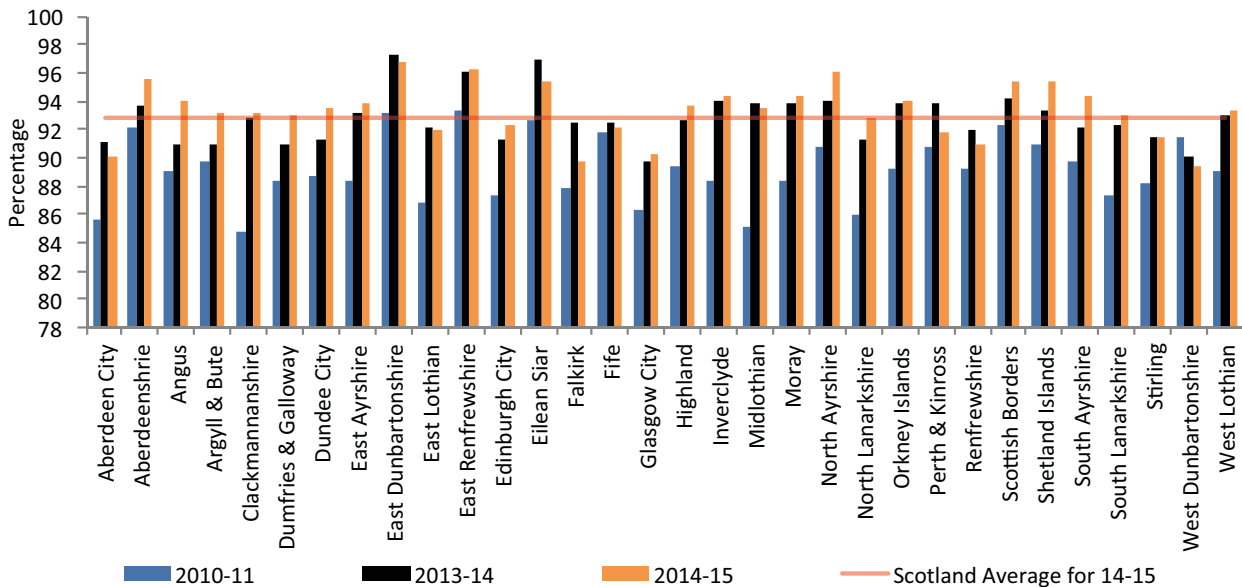
Trend of Positive Destinations 04/05-14/15 - Scotland



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

In 2014/15, the percentage of young people entering positive destinations ranged from 89.4% to 96.7% across councils. This range has narrowed by 1.2 percentage points since the base year due to improvement at the lower performance end.

Proportion of Pupils Entering Positive Destinations

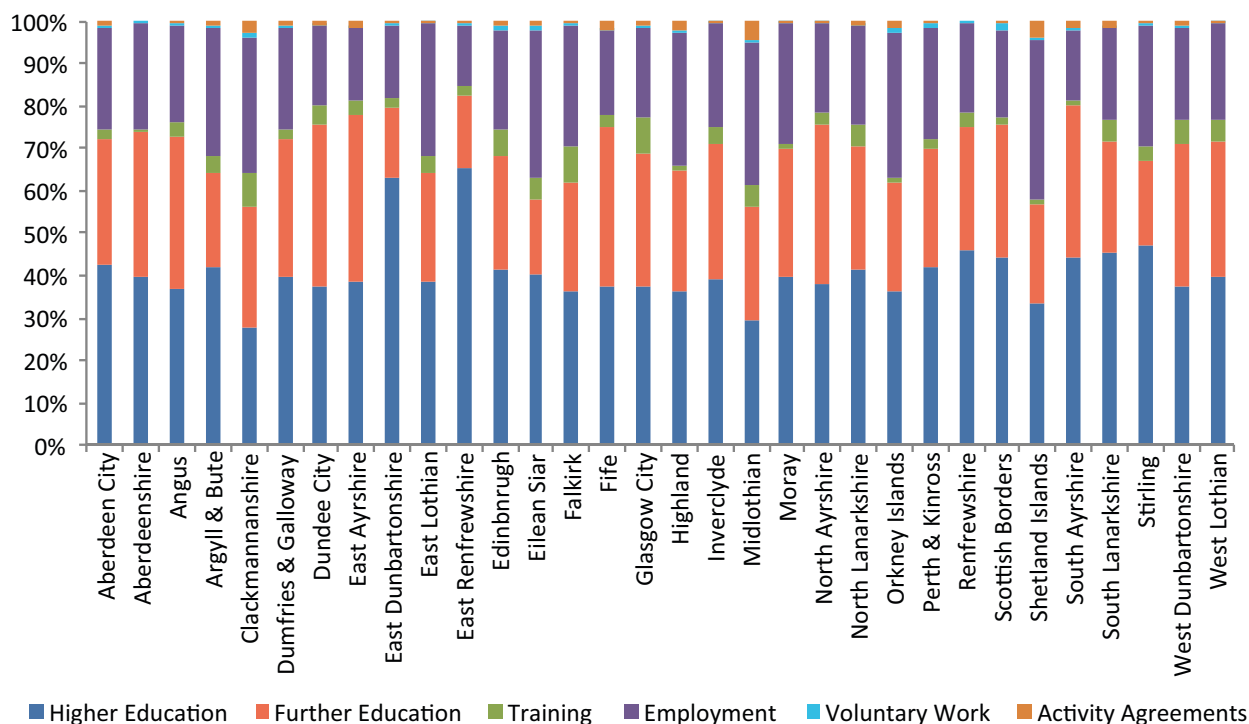


Source: School Leaver Destination Return (SLDR), Skills Development Scotland

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.

Breakdown of Positive Destinations By Council, 2014/15



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 council level and does not provide a full picture of what is happening within individual schools/clusters. For example, Glasgow’s 33.9% 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.

As with educational attainment, while the level of deprivation accounts for part of the variation between councils, a significant amount of variation remains unexplained and offers potential opportunities for councils to share practice and learning. Factors which may be important in understanding performance levels across councils include the existence of key workers within schools, the use of data/intelligence to promote early intervention and track destinations, performance management arrangements and expectations, and links between schools, colleges and employers.

The new Participation Measure was first published as ‘Experimental statistics’ in 2015. This measure reflects Opportunities for All¹⁸ and will measure participation in learning (including school), training or work for all 16-19 year olds in Scotland. This will provide opportunities to track progress of young people beyond the point at which they leave school. We will work with education partners to agree how this information might be used alongside school leaver destinations in future publications.

18 Source: ‘Developing a ‘Participation’ Measure for Post 16 Learning, Training and Work’ 2013 Consultation, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/Labour-Market/scotstat/PartMeasureConsult/PartMeasCons-Report>

Satisfaction with Schools

In terms of adults satisfied with their local schools service, this has reduced from 83% in 2010/11 to 79% in 2014/15. However, these satisfaction rates achieved by local schools remain among the highest rates achieved by local council services. The range across Scotland remains unchanged from 65% to 96%. 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.

Percentage of Adults Satisfied with Local Schools

Year	% Satisfied
2010/11	83
2012/13	83
2013/14	81
2014/15	79

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. To boost sample sizes, the benchmarking framework uses data which represents satisfaction for the public at large rather than for service users. 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. Social care services are undergoing fundamental reform 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 and also reduce the inefficiencies associated with dis-jointed systems.

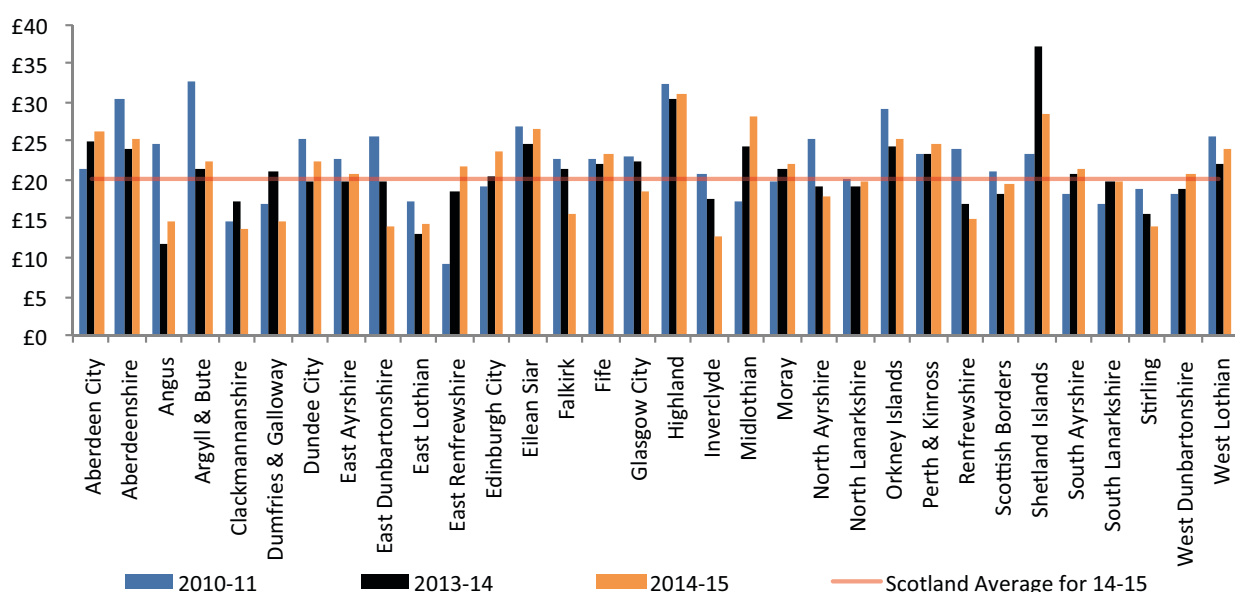
To reflect this major reform, we continue to work with Social Work Scotland, Health and Social Care Chief Officers, and the new Health and Social Care Improvement body to agree benchmarking measures which will usefully support Integrated Joint Boards fulfil their new duties. This will draw upon the core suite of Health and Social Care integration measures, and as relevant data becomes available, this will be included within this framework.

Social care is an area where councils and their partners 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 2024¹⁹. In the face of these increasing demands, councils and their partners continue to modernise and transform social care provision to deliver better anticipatory and preventative care, provide a greater emphasis on community-based care and enable increased choice and control in the way that people receive services.

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 2014/15 was £20.01 per hour, a reduction of 2.6% since 2013/14. Costs ranged from £12.79 per hour to £31.18 per hour in 2014/15, with the range narrowing since the base year due to an increase at the lower end of the range.

Home Care Costs Per Hour for People Aged 65 or Over



Source: Social Care Survey, Scottish Government; council supplied expenditure figure

¹⁹ Source: Population Projections, National Records of Scotland, <http://www.nrscotland.gov.uk/statistics-and-data/statistics/statistics-by-theme/population/population-projections/population-projections-scotland/2014-based>

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 (£25.16) compared to urban councils (£19.88). The difference in costs between rural and urban councils has increased since the base year.

Overall, since 2010/11 there has been a real terms reduction of 7.2% in spending per hour on home care for people over 65. This reflects a 10.8% increase in the number of hours delivered while gross expenditure has increased by 2.7%.

Home Care Costs Per Hour for People Aged 65 or Over

% Change	Cash	Real
2010/11 - 2014/15	-0.7	-7.2
2010/11 - 2011/12	-2.6	-4.1
2011/12 - 2012/13	4.4	2.5
2012/13 - 2013/14	-1.0	-3.1
2013/14 - 2014/15	-1.2	-2.6

There are a couple of points worth making in relation to this trend.

First, the actual number of people receiving home care has decreased by 3.1%, but the hours they are receiving on average has increased from 9.57 to 11.48, with the number of clients receiving 10+ hours increasing by 12.9%²⁰. 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 increasing vulnerability within the older population, and the move to care for more people with intensive needs at home rather than within institutional settings will be influencing factors here, creating additional demand pressures on existing services and eligibility criteria. We will explore with councils how these demands are being met in innovative ways and share that innovation across all authorities and their respective local partnerships.

Secondly, there has been a continuous shift from local authority provision to private/voluntary provision during this period (i.e. the hours delivered by local authority provision decreased from 44.4% to 32.8%²⁰) which may have contributed to reduced costs through lower salary and pension costs. A move to introduce the living wage across the sector would be likely to have significant consequences here, substantially increasing costs. In the absence of reliable cost comparators for private and voluntary provision, or indicators regarding the outcomes for older people, it is not possible to reflect the relative merits of the two service delivery models. Work continues with colleagues from HSCPs, Social Work Scotland (SWS), and Health Improvement resources to address this gap as a priority, with the Health & Social Care Integration measures potentially offering a useful route here when trend data becomes available. For example, the proportion of care services graded 'good' or better in Care Inspectorate Inspections would allow an understanding of the pattern of care quality both over time, and by provider.

There are a wide range of further factors which might influence costs in the provision of home care across councils, such as the number of clients care workers support, the travel time between clients and the numbers of clients requiring multiple assistance from two or more workers at a time, for example for lifting purposes. The '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. Going forward, with the shift to Self-directed Support it may make more sense to look at cost per client rather than cost per hour as people may choose to purchase a much wider variety of services not all of which can be measured in hours.

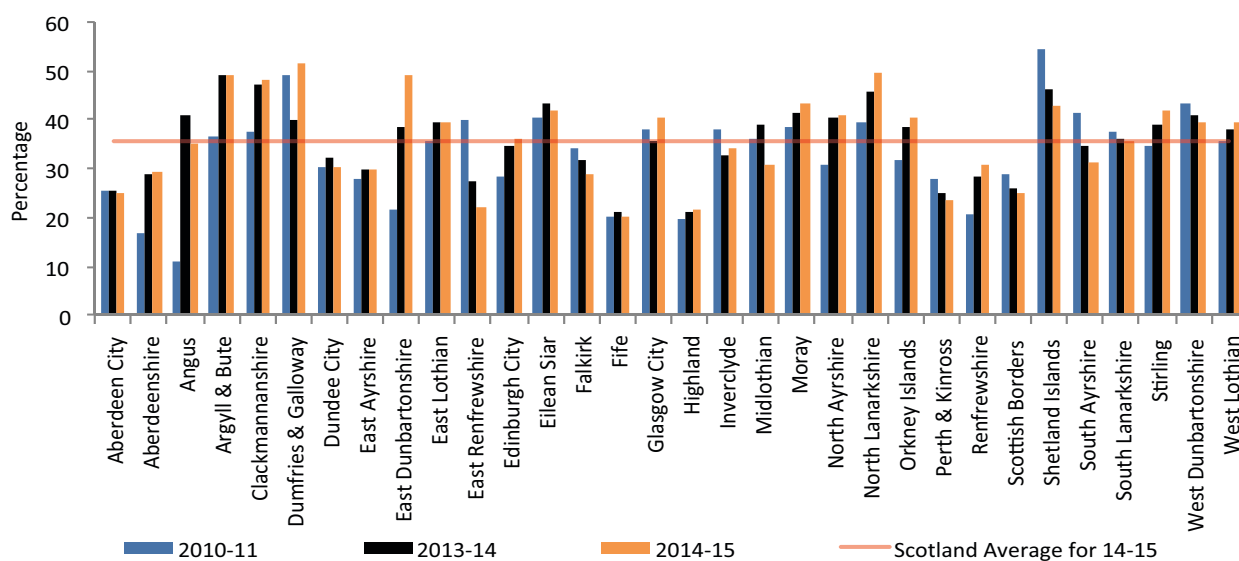
²⁰ Source: Social Care Survey <http://www.gov.scot/Topics/Statistics/Browse/Health/Data/HomeCare/HSCDHomecare>

Balance of Care

The second area of Adult Social Care Services covered in the framework is the percentage of adults over 65 with intensive care needs (who receive 10+ hours of support) who are cared for at home. This is an area of growing importance in an effort to care for more people in their own home rather than institutional setting such as hospitals.

In 2014/15, 35.6% of older people with intensive needs received care at home, which ranged from 20.2% to 51.4% across Scotland. This range has narrowed since 2010/11 due to improvement at the lower end. There is no 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.

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



Source: Social Care Survey, Scottish Government

The percentage of people with intensive needs receiving care at home has increased year on year from 2010/11 to 2014/15. There has been an increase of 3.4 percentage points over this period, from 32.2% in 2010/11 to 35.6% in 2014/15.

Percentage of people aged 65 or Over with Intensive Needs Receiving Care at Home

Year	Percentage of people 65 or over with intensive needs receiving care at home
2010/11	32.2
2011/12	33.0
2012/13	34.1
2013/14	34.3
2014/15	35.6

Against the significant demographic and budgetary challenges, authorities have succeeded in achieving the desired outcome of improving the balance of older people with intensive needs being cared for at home. However, given there has not been a similar reduction in the number

of people being cared for within care homes (a reduction of 1.9% in long-stay residents aged 65+ supported in Care Homes since 2010/11), the increase in 'balance' to a large degree reflects new demand to the system resulting from demographic change, rather than a shift from residential care.

The effective design and delivery of home care services can also help prevent those most at risk of unplanned hospital admissions from entering the hospital sector unnecessarily. For those who do enter hospital, it can also help prevent delayed discharges. While across Scotland, there has been an increase in emergency hospital admissions (10.6%)²¹ and delayed discharges (17.3%)²² since 2010/11, this varies significantly across councils. Our data reveals no significant relationship between the balance of care achieved across authorities and the rate of emergency admissions or delayed discharges. However, it is unlikely such relationships would hold at council level but would instead cluster at a more local level. As data is not disaggregated at this level it is not possible to assess this at this time. In the period ahead we will work with Health and Social Care colleagues to examine this area further, and share any learning and good practice which emerges from this work.

Given the shift within homecare provision towards more intensive care for older people in the most acute need, some of the more preventative elements of the service have diminished. We will work with health and social care partners to explore responses to this trend, and in particular how the role of the wider community can be developed to better support the older population. 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.

Direct Payments and Personalised Managed Budgets

From 1st April 2014, Self-directed Support introduced a new approach which gives people who require social care support more choice and control over how their support is delivered. Social work services continue to drive forward changes to ensure people's outcomes are being met, rather than a person fitting in to a service. The Self-Directed Support Act 2013 puts a duty on local authorities to be transparent about the cost of support under each of the 4 options:

- Direct payment (a cash payment)
- Personalised Managed Budget (PMB) where 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.

While the data included here mainly reflects the landscape before its implementation, the focus going forward will be on what this indicator might tell us in the future following implementation of the bill. The indicator here refers to the percentage of total Social Work spend allocated via Direct Payments or Personalised Managed Budgets²³. The breakdown of spend available across the 4 options will become more sophisticated as the approach is fully implemented and this will be reflected in the development of this framework.

In terms of spend on Direct Payments and PMB as a percentage of total social work spend, the Scottish average in 2014/15 was 6.9%. Between 2010/11 and 2014/15 there has been a year on

21 Emergency admissions, ISD, <http://www.isdscotland.org/Health-Topics/Quality-Measurement-Framework/Emergency-Admissions/>

22 Quarterly census (average), ISD, <http://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Delayed-Discharges/>

23 The PMB breakdown was included in councils return to the Improvement service for both 13/14 and 14/15, 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. Analysis of the data however indicates some variation in relation to what is included currently.

year increase from 1.6% to 6.9%. The majority of this growth occurred in Glasgow where there has been a growth in real spend on Direct Payments and PMB of 30 percentage points during this period. Excluding Glasgow, the spend on Direct Payments and PMB as a percentage of total social work spend increased from 1.6% to 3.2% across the same period, with Direct Payments accounting for approximately 90% of this combined spend.

Spend on Direct Payment and Personalised Managed Budgets as a Percentage of Total Social Work Spend

Year	Spend on Direct Payments and Personalised Managed Budgets as a % of Total Social work Spend
2010/11	1.6
2011/12	3.1
2012/13	5.9
2013/14	6.4
2014/15	6.9

In 2014/15 the range in spend across councils was 0.8% to 32% (0.8% to 6.4% excluding Glasgow), with rural and least deprived councils reporting higher uptake of Direct Payments and PMB than other councils. This finding is supported by Scottish Government examination of the uptake of Direct Payments and SIMD which 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.²⁴

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

While the overall percentage of social work spend via Direct Payments and PMB may be expected to increase as self-directed support arrangements become more established, 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. Given the level of responsibility attached to sourcing, purchasing and assuring the

²⁴ Source: Social Care Services, Scotland, 2014, Scottish Government, <http://www.scotland.gov.uk/Publications/2014/11/1085/6>

quality of the services provided it is not yet known whether these two options will ultimately see a substantial uptake.

Further work is required to develop a more consistent approach to comparing spend on Direct Payments and Personalised Managed Budgets. The Scottish Government will shortly be publishing a breakdown of the uptake of the four Self-directed Support options reflecting the first year of implementation following introduction of the Act. This will enable a better understanding in relation to the uptake of different options among different client groups, and whether there is a higher uptake of Direct Payments/PMB among new clients. Following the publication later this year of the 2nd year of social care data in the Care and Experience survey, it will also be interesting to explore the relationship between the uptake of different options and user satisfaction levels.

We will continue to work with all 32 councils and Health and Social Care partners to understand the local practices 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.

Care Homes

The final area covered by the framework relating to adult social care is the net cost of care home services. The measure has been standardised by looking at net costs per week per resident for people over the age of 65.

In 2014/15, the average cost across Scotland was £372 per week per resident, a slight increase of 0.3% from £371 in 2013/14 and a reduction of 3.3% since 2012/13. It is important to note that the figures for 2012/13 to 2014/15 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.

Care Home Costs Per Week for People Over 65

% Change	Cash	Real
2012/13 - 2013/14	-1.6	-3.6
2013/14 - 2014/15	1.8	0.3
2012/13 - 2014/15	0.1	-3.3

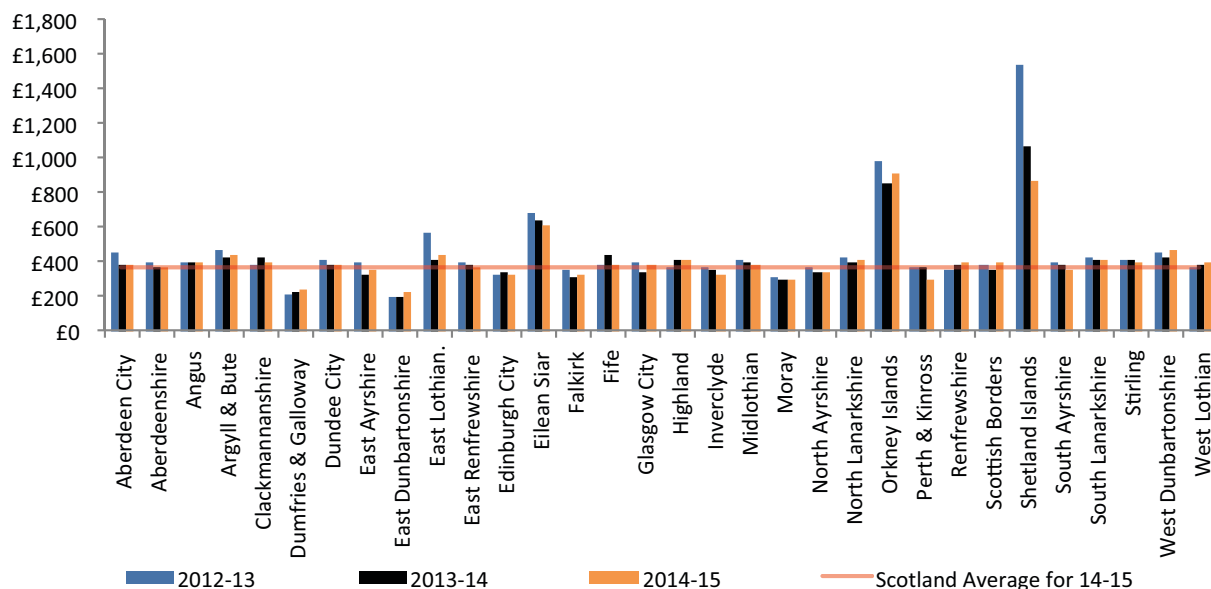
Over the three years for which we have comparable data, reduction in unit costs has been driven by a reduction in net expenditure of 2.2% while the number of adults supported in residential care homes has increased by 1.1%. In the last 12 months, there has been a very small increase both in expenditure (0.4%) and in the number of residents (0.1%)

Gross Expenditure levels have remained steady over this period therefore the reduction in net expenditure indicates an increase in the income received by councils rather than a reduction in expenditure. The increase in the number of privately or self-funded clients as a proportion of all long stay residents over this period would support this trend (an increase of 2.8% between 2010/11 and 2014/15).²⁵

There is a considerable level of variation across councils with island councils in particular reporting significantly higher costs. When island councils are excluded, costs ranged from £224 to £460, a range which has remained relatively constant since the base year. 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.

²⁵ Care Home Census 2010-2014, ISD, <http://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Care-Homes/>

Older Persons (Over 65s) Care Home Costs Per Week



Source: Community Care Quarterly Key Monitoring Return, Scottish Government; council supplied expenditure figures

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 LA-funded residents who are in private and voluntary run care homes. Residential care costs however include net expenditure on:

- The net cost of any LA-funded residents (this will be based on the NCHC)
- The net cost for self-funders (There are around 10,200 self-funders receiving Free Personal Care payments (around two-thirds also receive the Free Nursing Care payment))
- The net cost of running any 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 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. Based on the above, variation in net costs between councils will be largely influenced by the balance of LA funded/self-funded residents within each area, and the scale of LA care home provision and associated running costs.

The data indicates that variations in net expenditure between councils are systematically related to the percentage of self-funders within council areas²⁶. Those councils with higher numbers of eligible wealthier older people in care homes for whom the council is paying free personal and nursing care have lower overall costs since these residents cost less per week than full-funded LA care home placements.

In terms of the scale of LA care home provision and associated running costs, 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 (0.8% reduction since 2012/13.)²⁷ This balance varies across councils and may be significant in explaining the variation

26 Free Personal and Nursing Care, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/Health/Data/FPNC>

27 Source: Scottish Care Home Census, Information Services Division Scotland, <http://www.isdscotland.org/Health-Topics/Health-and-Social-Community-Care/Care-Homes/Previous-Publications/>

in net costs. Councils have also made attempts to make more efficient use of staff through use of bank staff rather than sessional staff, and work to improve the occupancy rate within LA provision.

The use of care homes for older people is changing and in future more emphasis will be given to use for rehabilitation, short-stays and 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. We will work with Health and Social Care colleagues 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. As with the other elements of adult social care, we will work with Health and Social Care partners to assess potential HSC integration measures which might usefully be included to provide a fuller picture of outcomes/user experience in relation to residential care provision.

Satisfaction with Social Care or Social Work Services

The overall public satisfaction rate in Scotland has reduced from 62% in 2010/11 to 51% in 2014/15. This ranges from 39% to 78%. Analysis of the data reveals there is no systematic pattern between satisfaction figures and size of council, sparsity or deprivation.

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.

Percentage of Adults Satisfied with Social Care or Social Work Services

Year	% Satisfied
2010/11	62
2012/13	57
2013/14	55
2014/15	51

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. To boost sample sizes, the benchmarking framework uses data which represents satisfaction for the public at large rather than for service users. 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.

The Health and Care Experience survey may offer a useful alternative option which is worth further exploration. From the last survey in 2014, 84% of people said that their overall experience of the help, care and support services that they had received was either excellent or good. However, at this point, no trend data is available. We will continue to work with Health and Social Care partners to support the development of this approach.

Culture and Leisure

Culture and leisure services play an important role in the quality of life in local communities. In addition to the social and economic benefits delivered, the impact they have on promoting better health and wellbeing of the population and in reducing demand on other core services is well documented. Culture and leisure services also connect well with communities who more traditional and regulated services often struggle to reach. This unique relationship provides real potential to achieve impact for people in the greatest need. However, given there is little in the way of statutory protection for culture and leisure spending, culture and leisure services face a particularly challenging financial context across the coming period.

Sports Facilities

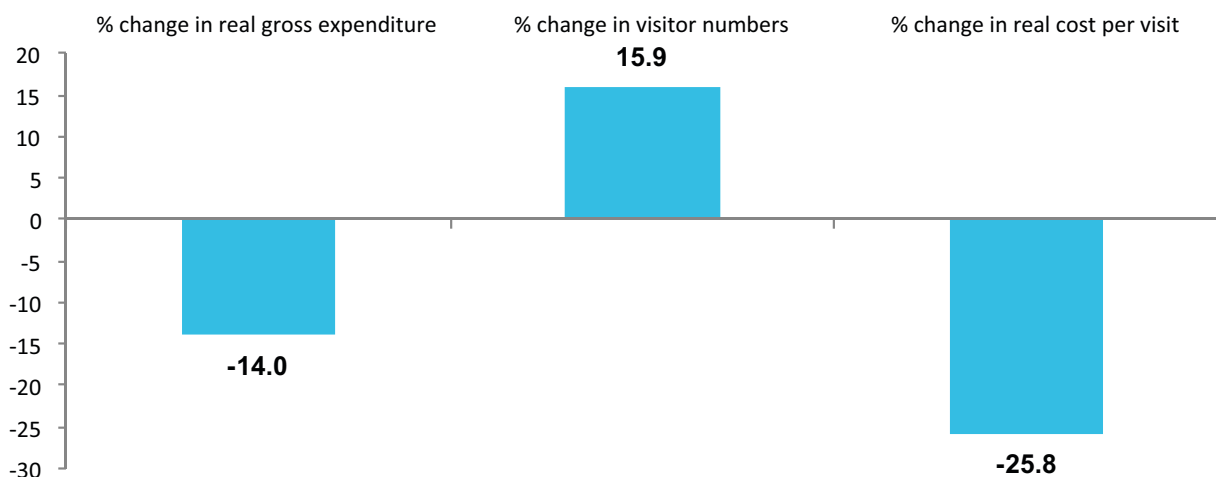
The data presented below illustrates the cost per attendance at sports and recreation facilities. Over the five year period from 2010/11 to 2014/15 the average cost has reduced from £4.96 to £3.68 in real terms. In percentage terms this represents a 25.8% reduction. The unit cost has reduced year on year since 2010/11, with the rate of reduction accelerating in the past 12 months (6.4%) after slowing between 2012/13 and 2013/14 (-0.5%).

Cost Per Attendance at Sports Facilities

% Change	Cash	Real
2010/11 - 2014/15	-20.5	-25.8
2010/11 - 2011/12	-10.3	-11.6
2011/12 - 2012/13	-8.2	-9.8
2012/13 - 2013/14	1.6	-0.5
2013/14 - 2014/15	-5.1	-6.4

The cost per attendance figures on their own do not give a complete picture of what has been happening in sports services over the period. Significant increases in visitor numbers (an increase of 15.9% since 2010/11) have been achieved against a backdrop of reductions in gross expenditure of 14%.

Sports Facilities: Change in Total Spend, Visitor Numbers and Cost Per Visit 2010/11 - 2014/15



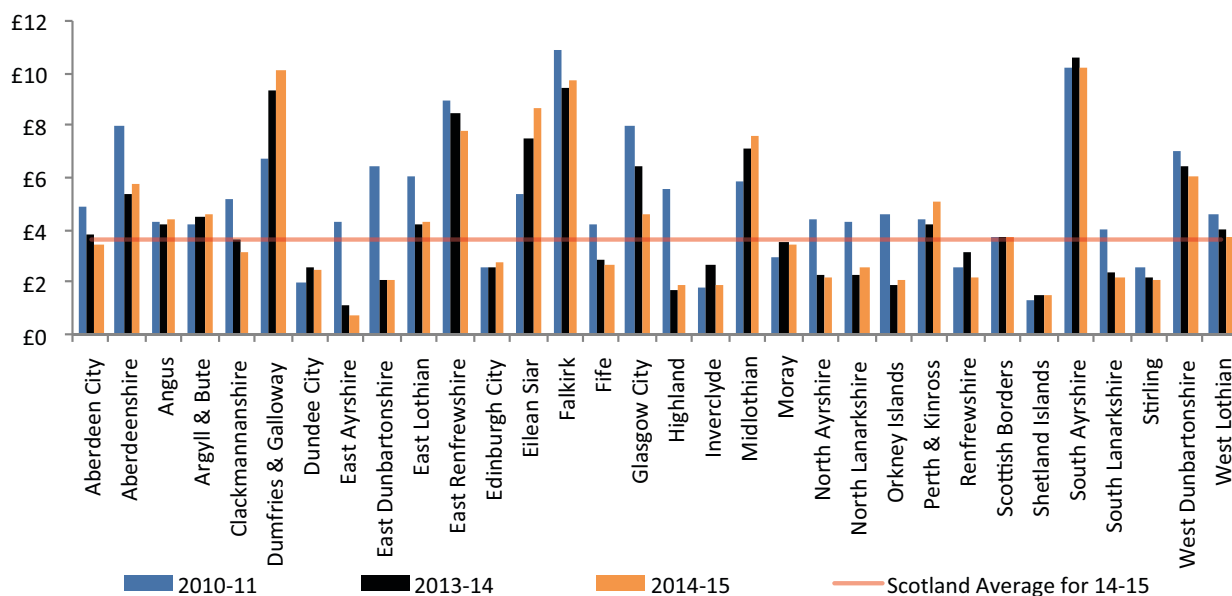
Source: Council supplied expenditure and visitor figures

In the past 12 months, the growth in attendances has slowed (-1.2%) following year on year increases since 2010/11. Meanwhile, gross expenditure has continued to reduce, and in the last 12 months has actually shown the largest reduction since the base year (7.5%).

Over the five year period, the significant increase in user numbers while the unit cost of attendances has fallen indicates that leisure and recreation services have managed to attract more people into using their facilities while managing significant financial pressures. A key factor here may be the significant capital investment programme in sports facilities across Scotland 10 years ago now bearing fruit. However it may be that the additional capacity generated through this investment has now been reached, and thus the growth in user numbers is tapering off.

In 2014/15 the range across councils in the cost per attendance was £0.73 to £10.17. There is a clear effect of population density with urban councils typically having lower cost per visit than rural equivalents (£2.73 compared to £4.62). The gap between rural and urban costs is growing, with rural councils on average seeing their unit costs increase in the past 12 months while urban authorities have seen a decrease. 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



Source: Council supplied expenditure and visitor figures

The picture across councils with respect to the general trend is not universal. Work has started 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. This will include exploration in relation to participation levels among key population groups targeted as part of wider strategies to tackle inequality and promote community engagement.

A further feature of particular interest within the family group 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 since 2010/11. The average cost per library visit in 2014/15 was £2.57, while in 2010/11 the cost per visit was £3.86. In real terms, this represents a reduction of 33.4% over the period. This reflects a reduction of around 5-6% each year, except in 2012/13 – 2013/14 where there was a 20.3% reduction.

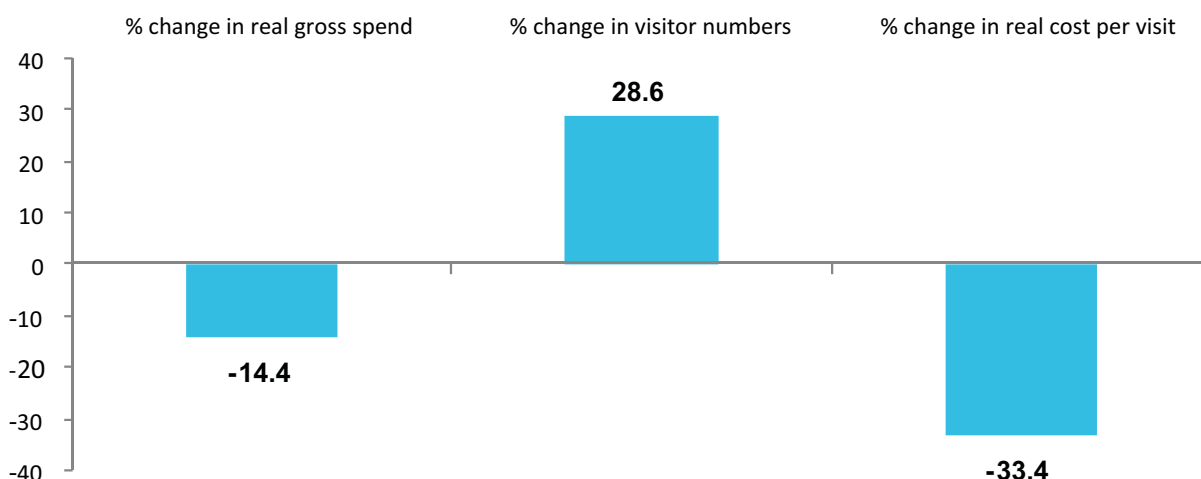
Cost Per Library Visit

% Change	Cash	Real
2010/11 - 2014/15	-28.7	-33.4
2010/11 - 2011/12	-4.8	-6.3
2011/12 - 2012/13	-3.5	-5.3
2012/13 - 2013/14	-18.6	-20.3
2013/14 - 2014/15	-4.6	-5.9

As with sports services unit cost figures on their own do not tell the full story of the last five years for library services. Over the five year period covered by the LGBF gross spending on library services across Scotland fell by 14.4%. At the same time, visitor numbers increased across the country by 28.6%, with the largest increase occurring during 2013/14 when visitor numbers increased by 22.2%. Across this period, there has been a year on year reduction in expenditure levels, and a year on year increase in visit numbers.

As with sports services, in the past 12 months the growth in library visitor numbers has slowed (1.2%). At the same time, the rate of reduction in gross expenditure (-4.8%) has accelerated compared to previous years.

Libraries: Change in Total Spend, Visitor Numbers and Cost Per Visit 2010/11 - 2014/15



Source: Council supplied expenditure and visitor figures

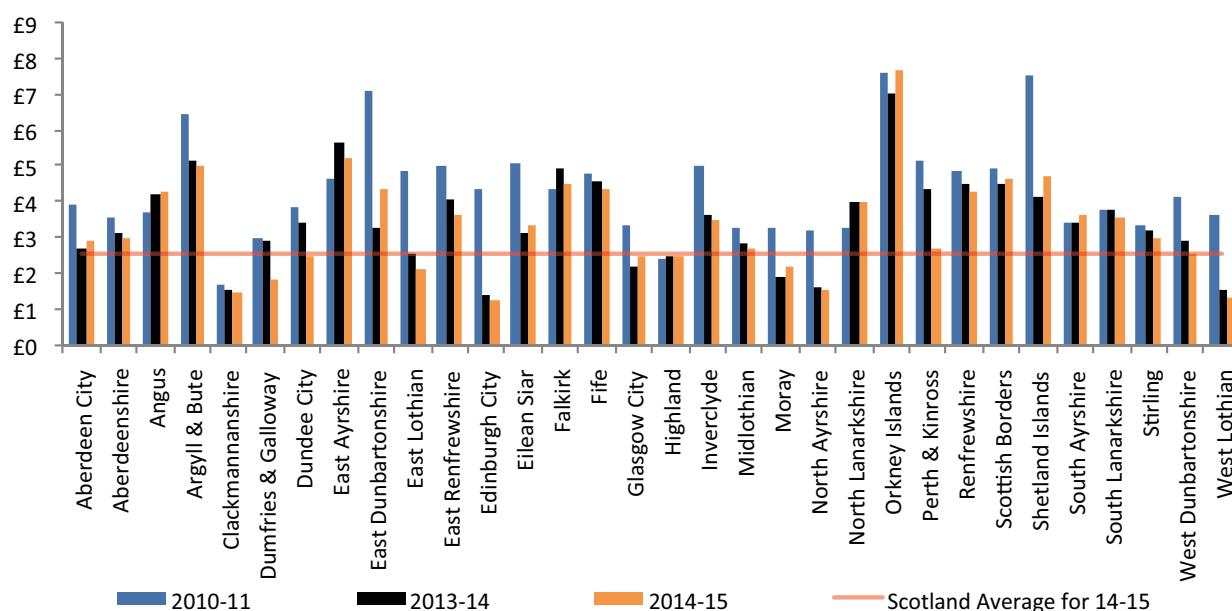
Again this indicates that against a difficult financial backdrop council services have achieved a growth in service user volume and as a consequence reduced the unit cost per visit to the council by a substantial margin. This shows that decisions around the rationalisation of local services have been 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. We will also look at the impact budgetary constraints are having on the wider role library services play in providing employment assistance, income maximisation support, the roll out of Universal Credit, support for new enterprise and small businesses, and promoting digital inclusion.

In 2014/15, the range across councils in cost per visit was £1.26 to £5.22 (£7.66 if islands are included). This range has narrowed by 27% since the base year due to a reduction at the higher cost end. While less pronounced than with sports services, there is a clear effect of population density, with urban councils typically having lower costs per visit (£2.91 on average) than rural equivalents (£3.34 on average). The gap between urban and rural councils has narrowed over time, with both urban and rural councils reducing their costs. 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, the pattern is similar to library and sports services in relation to falling unit costs accompanied by increasing visitor numbers. Over the five year period there has been a real terms reduction of 32% in cost per visit, from £5.19 to £3.53. Most of this reduction (22.6%) took place between 2010/11 and 2011/12. There was a small growth of 1.6% in real unit costs between 2011/12 and 2012/13, which has been followed in recent years by a reduction in costs of 7.6% and 6.2%.

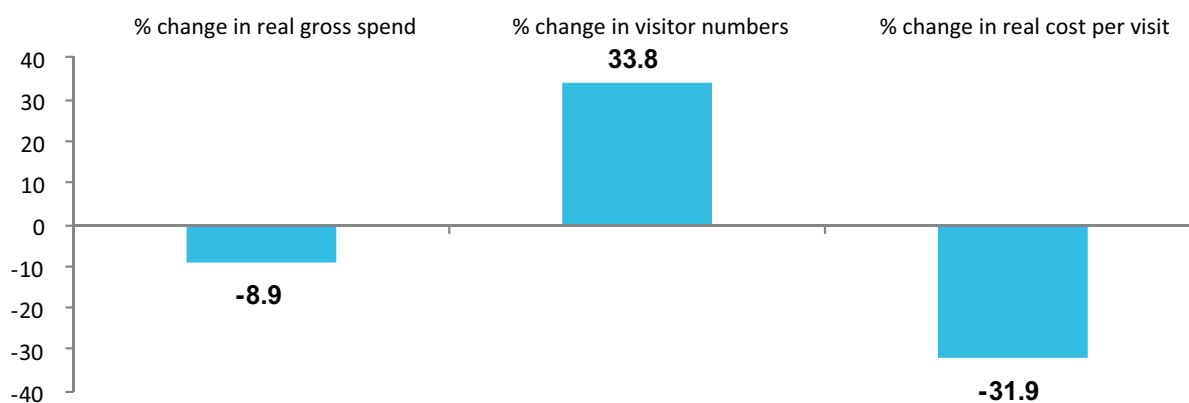
As with other leisure and recreation services the high level data only tells part of the story of what has been changing in museum services over the five year period. Gross spending on museum services across Scotland has fallen by 8.9% since 2010/11 but in the same period visitor numbers have increased by 33.8%. 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.

Cost Per Museum Visit

% Change	Cash	Real
2010/11 - 2014/15	-27.1	-31.9
2010/11 - 2011/12	-21.4	-22.6
2011/12 - 2012/13	3.5	1.6
2012/13 - 2013/14	-5.7	-7.6
2013/14 - 2014/15	-4.9	-6.2

In contrast with libraries and sports, in the past 12 months the growth in museum visit numbers has increased. At 6.3% this represents the largest increase since 2010/11. At same time, the reduction in spend has slowed (at -0.3%, this represents the smallest reduction since the base year).

Museums: Change in Total Spend, Visitor Numbers and Cost Per Visit 2010/11 - 2014/15

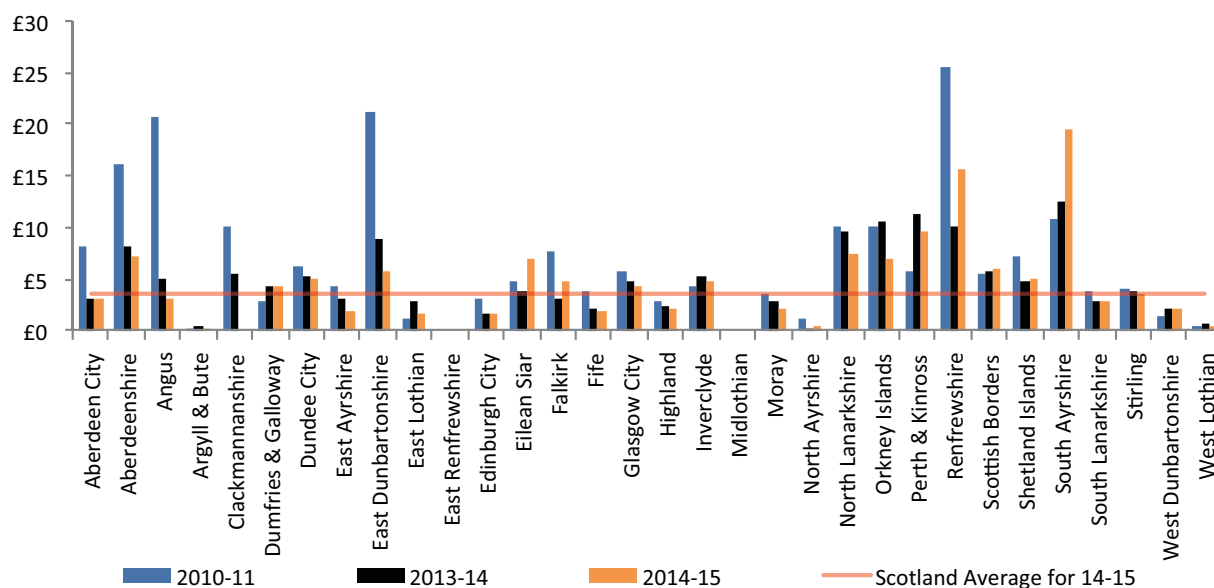


Source: Council supplied expenditure and visitor figures

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. Councils are currently working together to capture and share good practice in relation to a number of key areas including adaptive resilience, workforce composition, income maximisation, and economic regeneration.

In 2014/15 the range in cost per visit was £0.20 to £19.58 and the Scottish average was £3.53. The range has narrowed by 23.3% across the 5 year period due to reductions at the higher cost end. 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 Clackmannanshire, East Renfrewshire and Midlothian reflect no council provided museum service

Parks and Open Spaces

Spend on parks and open spaces is reflected as spend per 1,000 population. Over the five year period from 2010/11 to 2014/15 this has reduced in real terms by 19.1%, from £39,036 to £31,304. There was a constant rate of reduction across the first 4 year period of approximately 7% reduction per year, however in the last 12 months there has been a very small increase (0.4%).

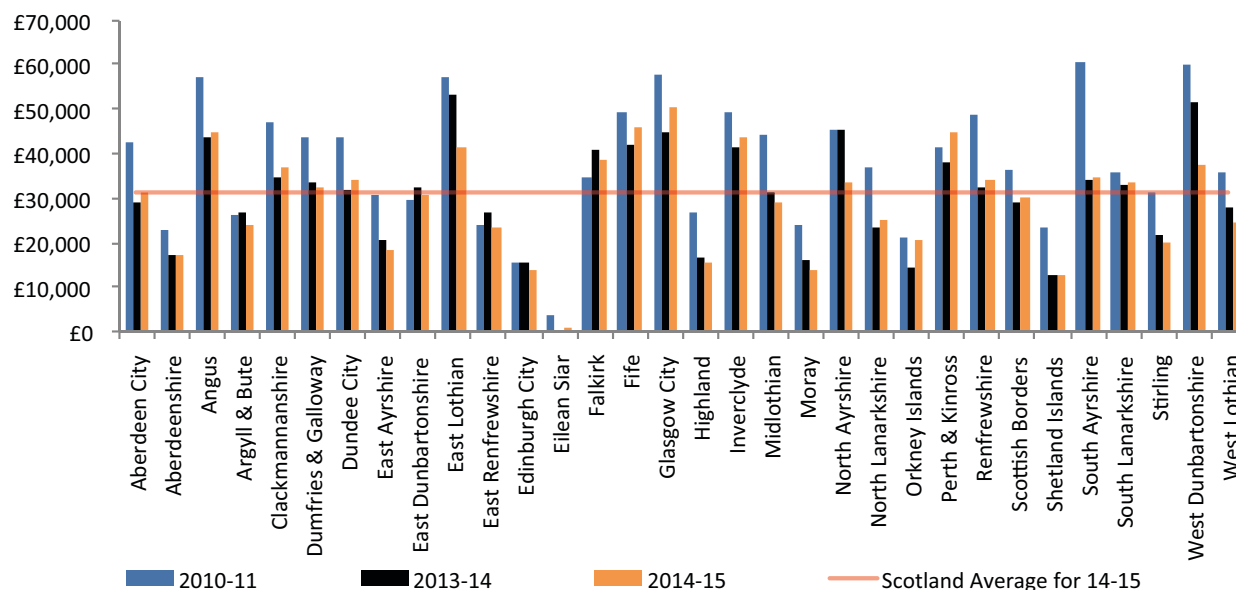
Cost of Parks and Open Spaces Per 1000 Population

% Change	Cash	Real
2010/11 - 2014/15	-14.1	-19.8
2010/11 - 2011/12	-6.1	-7.5
2011/12 - 2012/13	-5.8	-7.5
2012/13 - 2013/14	-4.7	-6.7
2013/14 - 2014/15	1.8	0.4

In 2014/15 the range in costs across councils was from £13,752 to £50,443 (excluding islands). If islands are included, costs range from £1,028 to £50,443. The range across councils has narrowed since the base year due to a decrease in the higher cost end. The geographical nature of the area a council covers appears to be the most important point in shaping the cost of providing the service. On average rural councils have the lowest cost (£20,333) compared with urban (£33,898) and semi-rural (£33,558).

This is largely down to the fact that in rural areas there is less publically maintained open space. In urban and semi-rural areas, both have urban communities requiring access to open space which councils provide and upkeep accounting for the higher average costs. The absence of a quality measure to control for trends in spend is an area we are working with colleagues to address.

Cost of Parks and Open Spaces Per 1000 Population



Source: Mid-year population estimates, National Records Scotland (NRO); Council supplied expenditure figures

Satisfaction with Culture and Leisure Services

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

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
2014/15	76	77	75	86

As noted previously, this satisfaction data is drawn from the Scottish Household Survey (SHS) and while 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

Environmental services are an area of significant spend for local authorities, and include waste management, street cleansing, roads services, and trading standards and environmental health. These areas have seen some of the largest budget reductions in recent years, with overall spend reducing by 14% since 2010/11. Against this reduction in expenditure, councils have largely succeeded in maintaining or improving performance levels in relation to recycling, street cleanliness, roads condition and satisfaction.

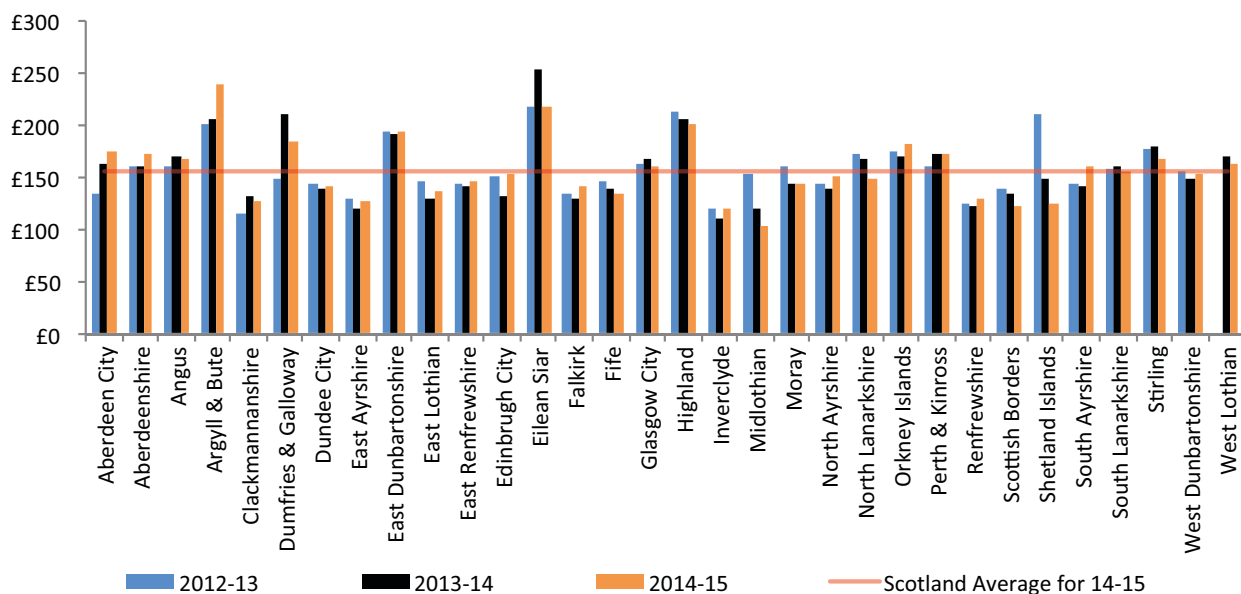
Waste Management

The combined costs of waste collection and disposal per premise reveal that while overall unit costs have remained constant since 2012/13, there has been a small shift from disposal to collection costs. This indicates an increased investment in collection infrastructure which is being largely offset by the savings generated through avoiding landfill taxes.

Net Cost of Waste Collection and Disposal Per Premise (£)

Year	Collection	Disposal	Total
2012/13	61.23	95.57	156.80
2013/14	62.19	93.34	155.53
2014/15	65.17	91.46	156.63
% Change	6.4%	-4.3%	-0.1%

Net Cost of Waste Collection and Disposal Per Premise



Source: Council supplied figures

Waste Collection

In examining the cost of waste collection services across councils we use a measure on the net cost of waste collection per premise. This move to a net measure was 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.

We moved to this new measure in 2012/13, and therefore only 3 years data is presented here.

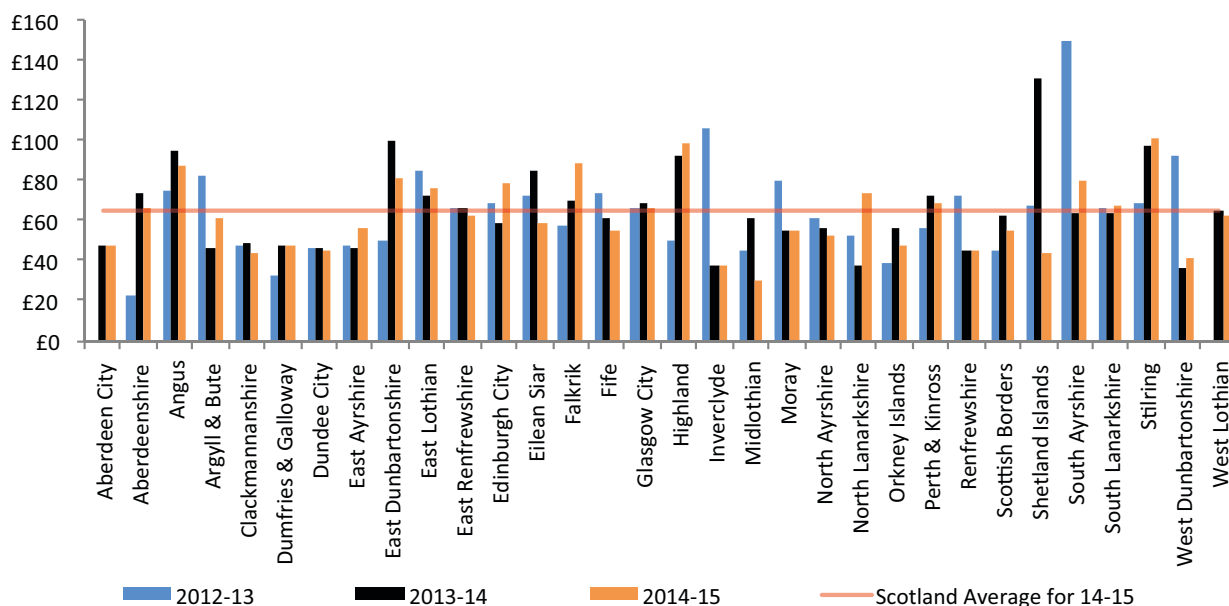
Over the three year period from 2012/13 to 2014/15 the Scottish average cost per premise for waste collection increased from £61.23 to £65.17, representing a real terms percentage increase of 6.4%. While the number of premises increased by 1.3% during this period, the total spend increased by 7.8%

Net Cost of Waste Collection Per Premise

% Change	Cash	Real
2012/13 - 2014/15	10.2	6.4
2012/13 - 2013/14	3.7	1.6
2013/14 - 2014/15	6.3	4.8

The range across Scotland in 2014/15 was from £29.85 to £100.28. This range has narrowed since 2012/13 due to reductions at the higher end. This range is however distorted by the impact of factors such as rural sparsity, or the tenemental structure of local housing on the service. In previous years, rural authorities have tended to have higher costs than urban authorities, however in the past 12 months urban authorities on average have seen a significant increase in costs (£47.75 to £66.55) while rural councils on average have reduced their costs (£72.44 to £58.16).

Net Cost of Waste Collection Per Premise



Source: Council supplied figures

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

Waste Disposal

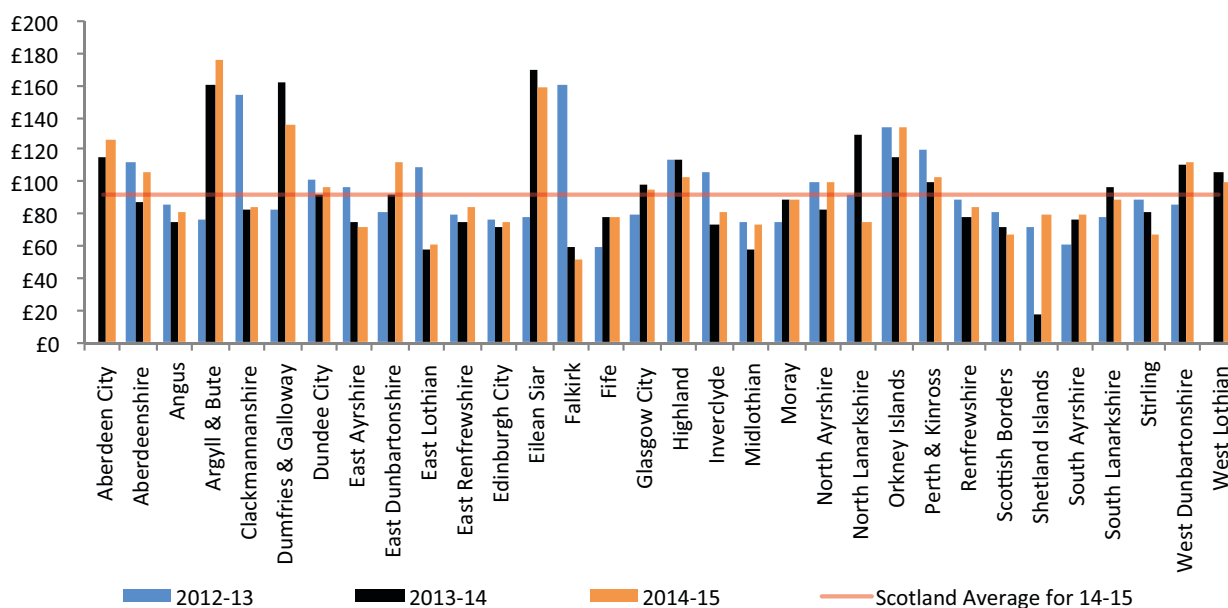
As with waste collection we report on the net cost of disposal per premise. Over the three year period from 2012/13 to 2014/15 the Scottish average net cost of waste disposal has decreased in real terms by 4.3%, from £95.57 in 2012/13 to £91.46 in 2014/15. Across this period, there

has been a small increase in the number of premises (1.3%), accompanied by a 3.1% reduction in total spend.

Net Cost of Waste Disposal Per Premise

% Change	Cash	Real
2012/13 - 2014/15	-0.9	-4.3
2012/13 - 2013/14	-0.3	-2.3
2013/14 - 2014/15	-0.6	-2.0

Net Cost of Waste Disposal Per Premise



Source: Council supplied figures

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 6 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.

Recycling

Over recent years councils have put greater emphasis on the recycling of waste in compliance with the National Zero Waste Plan²⁸. Recycling rates continue to improve across Scotland from 41% in 2011/12 to 42.8% in 2014/15²⁹ as efforts are made to achieve Scotland's Zero Waste 60% household waste recycling target by 2020. The recycling rate in 14/15 used a new calculation from that in previous years and so is not directly comparable. If the old calculation had been used, the rate would have been 43.6% compared to 42.2% in 2013 and 40.1% in 2011.

Key trends underpinning this growth in recycling show that the disposal of waste to landfill continues to fall whilst the percentage of household waste that is recycled, composted or

28 Source: Scotland's Zero Waste Plan, Scottish Government, <http://www.scotland.gov.uk/Publications/2010/06/08092645/0>

29 Since 2012/13, recycling data has been provided by SEPA on a calendar year basis. The previous data (Audit Scotland SPI) was on a financial year basis

prepared for re-use rises accordingly. In 2014/15, for the first time, Scotland has sent less than half of its waste to landfill. Food waste being recycled has more than doubled between 2010/11 and 2014/15 and tonnages of plastics being recycled are climbing steadily year-on-year.

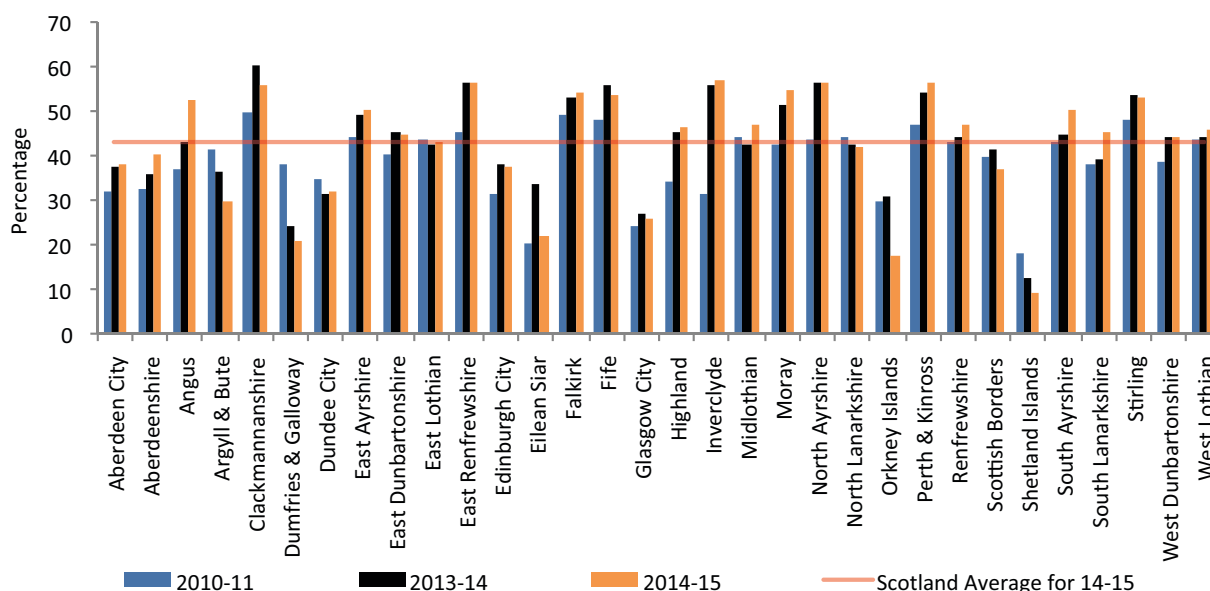
Percentage of Total Household Waste that is Recycled

Year	% of Household Waste Recycled
2010/11	38.7
2011/12	41.0
2012/13	41.7
2013/14	42.2
2014/15	42.8

However, the number of people who report that they recycle has declined slightly³⁰. This probably reflects that the easy gains have largely already been achieved, however councils are still working to resolve the harder systemic problems such as improving access to recycling facilities for households in communal buildings and remote areas. The number of households reporting that they recycle food waste continues to rise, in accordance with the increased roll-out of food waste recycling services across local authorities.

There remains wide variation across councils in relation to recycling rates. In 2014/15, recycling rates ranged from 17.3% to 56.8%. Shetland council remains a statistical outlier here with significantly lower recycling rates due to their geographical location and is therefore removed.

Percentage of Household Waste Arising that is Recycled



Source: WasteDataFlow, Scottish Environment Protection Agency (SEPA)

There is a significant relationship between recycling rates and the geography/population density of councils. Rural councils achieved a rate of 29.9% on average with urban councils achieving an average of 41.6% and semi-rural area councils achieving an average of 52.8%. Only semi-rural authorities reported an increase in recycling rates during this time. Within these groups it would seem that in general medium sized, semi-rural area councils achieve the highest rates of recycling.

30 Scottish Household Survey, <http://www.gov.scot/Topics/Statistics/16002>

The introduction of the Household Recycling Charter and the Code of Practice³¹ will support local authorities to develop more consistent and coherent waste collection services, leading to both more efficient services and increased quality and quantity of recyclables collected. We will continue to work with councils in their family groups to support the implementation of this new Charter and Code of Practice, and to share the good practices being employed in some councils fully across all authorities

Satisfaction with Waste Collection

Percentage of Adults Satisfied with Waste Collection

Year	% Satisfied
2010/11	81
2012/13	83
2013/14	83
2014/15	84

Satisfaction levels for waste collection remain extremely high at above 80%, with levels continuing to increase 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.

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 Beautiful³². This 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 the Cleanliness Score has remained above 90% since the base year, but has reduced by 2.2 percentage points from 96.1% to 93.9% in the last 12 months. There has been a slight change in the methodology for this measure within the last 12 months which may partially explain this trend.

31 Source: Household Recycling Charter, Scottish Government, <http://www.gov.scot/Topics/Environment/waste-and-pollution/Waste-1/17103/9197/recyclingcharter>

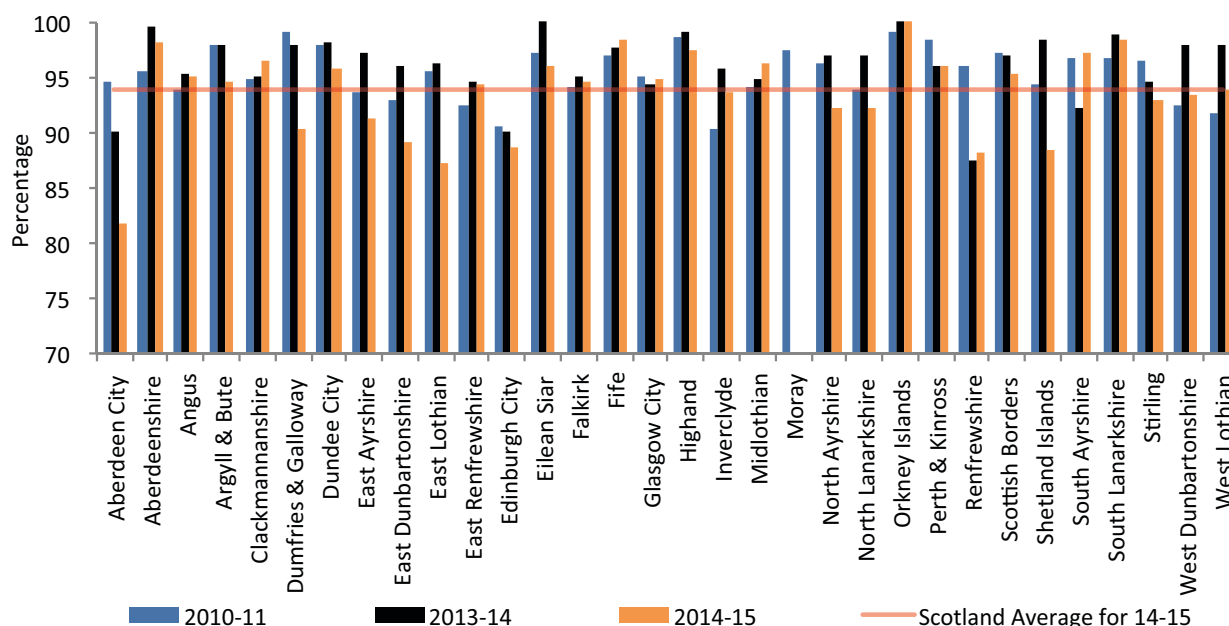
32 Source: Keep Scotland Beautiful, <http://www.keeptscotlandbeautiful.org/>

Percentage of Clean Streets

Year	% Clean Streets
2010/11	95.4
2011/12	96.1
2012/13	95.8
2013/14	96.1
2014/15	93.9

The range in scores across councils has widened in the last 12 months, mainly due to reductions in the minimum value. In 2014/15, cleanliness scores ranged from 81.8% to 100%, with 23 authorities showing a declining score over the past 12 months, and 8 authorities an increasing score. Rural areas tend to have higher cleanliness scores compared with urban areas (96% compared to 92.1%).

Street Cleanliness Score (%)



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

Cost of Street Cleaning

Over the same five year period the Scottish average for Net Cost of Street Cleaning has reduced by 25.6%, from £21,262 to £15,818. This reflects a year on year reduction in costs, with costs continuing to decrease in the last 12 months by 4%. Working patterns, mechanisation and maximising the use of assets has driven these reductions across many councils.

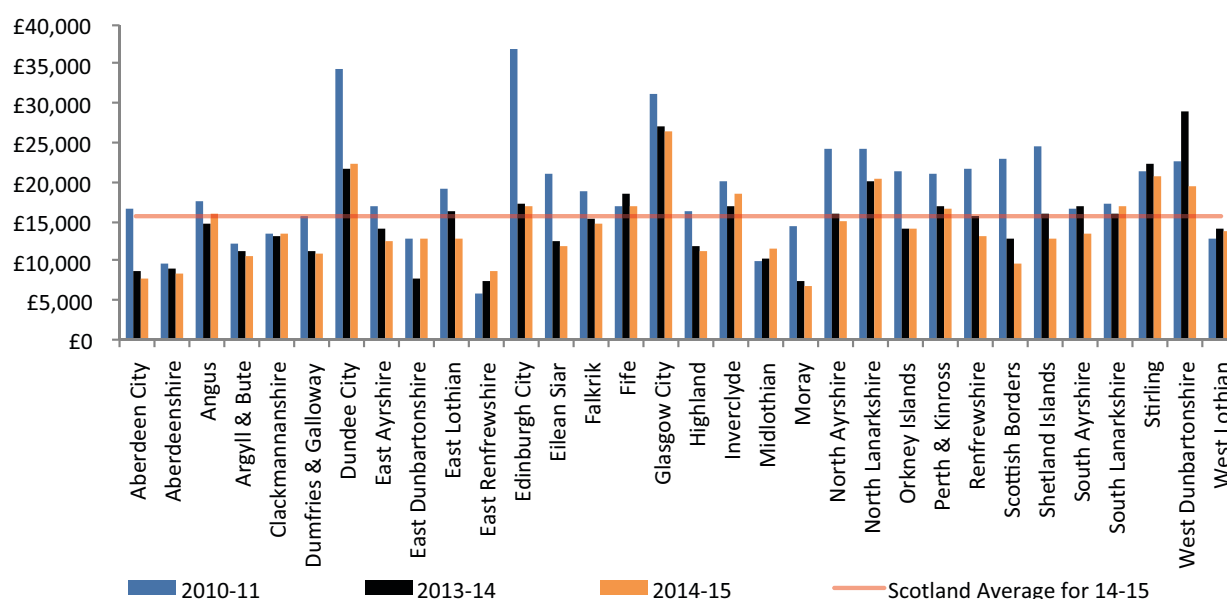
Net Cost of Street Cleaning Per 1,000 Population

% Change	Cash	Real
2010/11 - 2014/15	-20.3	-25.6
2010/11 - 2011/12	-2.4	-3.9
2011/12 - 2012/13	-9.5	-11.2
2012/13 - 2013/14	-7.4	-9.3

% Change	Cash	Real
2013/14 - 2014/15	-2.6	-4.0

The range across councils in 2014/15 varies significantly (from £6,850 to £26,415, with the Scottish average at £15,818). This range has narrowed significantly over this period due to reductions at the higher cost end. The variation in street cleaning costs shows a systematic pattern in relation to the geographic nature of the authority. Urban areas have significantly higher costs compared with rural areas (£17,056 on average, compared to £11,283 in rural areas), a gap which is widening.

Cost of Street Cleaning Per 1,000 Population



Source: Mid-year population estimates, National Records Scotland (NRO); council supplied figures

Satisfaction with Street Cleaning

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 in delivering this service do not appear to have had a detrimental impact on public satisfaction. Looking at both the street cleanliness score and satisfaction levels, this indicates great care has been taken to protect key areas of public concern even in the context of reducing budgets.

Percentage of Adults Satisfied with Street Cleaning

Year	% Satisfied
2010/11	73
2012/13	75
2013/14	74
2014/15	74

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

Roads maintenance costs are represented in this framework using a cost of roads maintenance per kilometre measure, while the condition of the roads network is represented by the percentage of roads in various classes which require maintenance treatment.

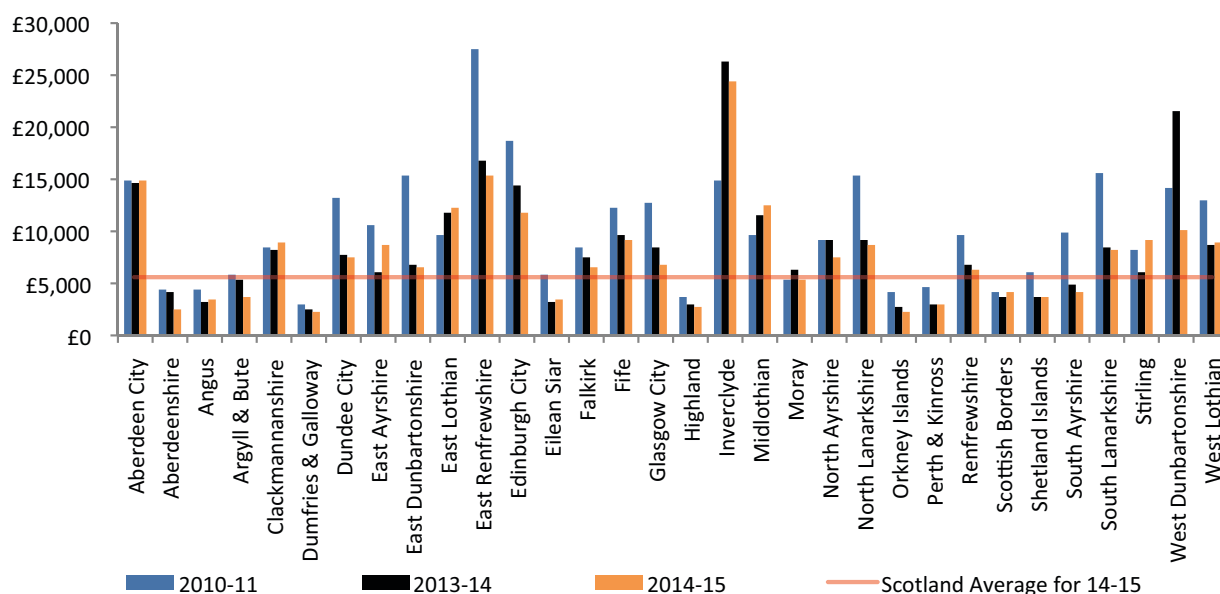
For the five years for which we have data the Scottish average cost per kilometre fell by 28.1% from £7,809 to £5,618. The rate of reduction has altered significantly over the period with a real terms reduction of 16.1% in 2010/11 to 2011/12, followed by a growth in real terms of 5.2% in 2011/12 to 2012/13 and finally further reductions of 11.9% and 7.5% in the two most recent years. The majority of the change appears to be due to lower winter maintenance expenditure during the period following 2010/11. 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. If we look at the change since 2011/12, costs have reduced by 14.2%, from £6,551 to £5,618.

Cost of Maintenance Per Kilometre of Road

% Change	Cash	Real
2010/11 - 2014/15	-22.9	-28.1
2010/11 - 2011/12	-14.8	-16.1
2011/12 - 2012/13	7.1	5.2
2012/13 - 2013/14	-10.0	-11.9
2013/14 - 2014/15	-6.2	-7.5

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 are currently working with SCOTS (Society of Chief Officers of Transportation in Scotland) and roads colleagues across councils to improve the usefulness of this measure.

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

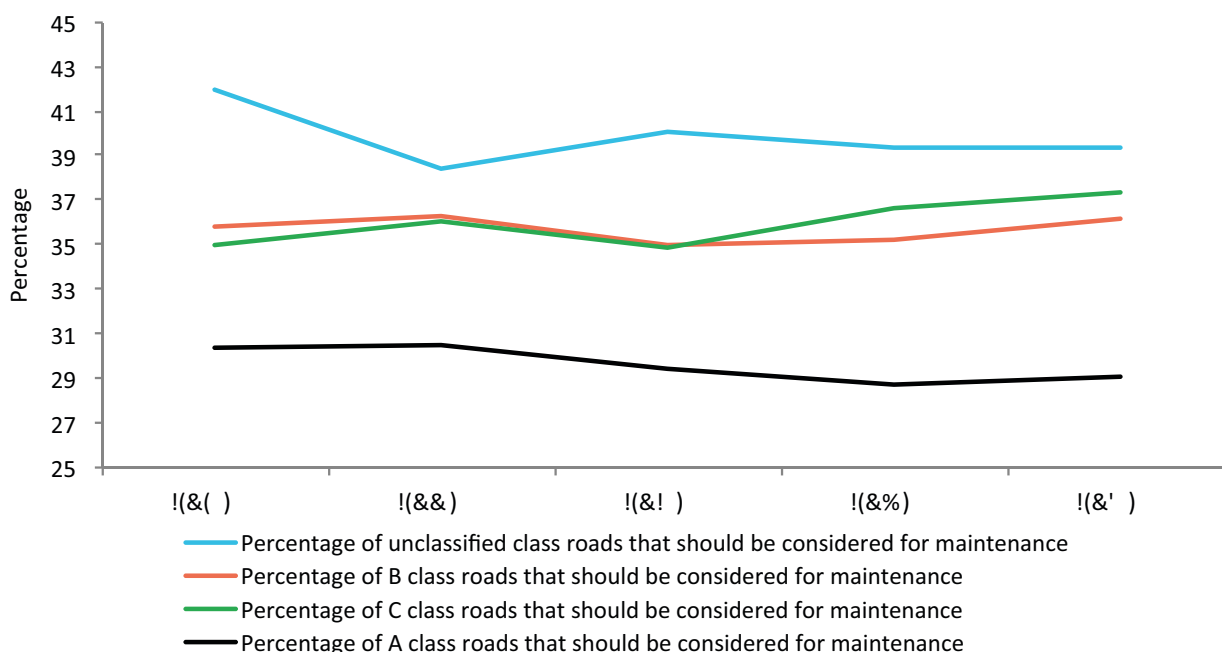
There remains very significant variation in the range of maintenance costs across councils. In 2014/15 costs ranged from £2,285 to £24,236 across councils. There is a significant difference in costs between urban, rural and semi-rural councils. The average for urban councils in 2014/15 was £7,584 per kilometre, for rural councils it was £2,868 and for semi-rural area councils it was £8,897. 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. However, in the last 12 months, urban councils have seen a significant reduction in costs compared with other councils (rural authorities have remained relatively constant, and semi-rural authorities have actually shown a slight increase).

In terms of the condition of the road network, over the five year period covered by this report the overall condition of both A class and Unclassified roads has improved, with the percentage of A roads in need of repair reducing from 30.3% to 29%, and the percentage of unclassified roads reducing from 41.9% to 29%. Despite the significant reductions on spending therefore, the condition of key parts of the roads networks has improved over the five year period. However, the percentage of B and C class roads in need of repair shows a small increase across this period.

Over the past 12 months, there has been a slight deterioration across A class, B class and C class roads, with only Unclassified roads improving in this period.

When road condition data is examined there are clear differences between urban, rural and semi-rural councils. For A class roads in urban areas the percentage in need of repair in 2014/15 was 26.3%, in semi-rural areas it was 27.1% and in rural areas it was 30.5% (all increased since last year). 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.

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)

Percentage of A, B, C, Unclassified Roads Which Should be Considered for Maintenance

Year	% A class roads to be maintained	% B class roads to be maintained	% C class roads to be maintained	% unclassified class roads to be maintained
2009/11	30.3	35.8	35.0	41.9
2010/12	30.5	36.3	36.0	38.3
2011/13	29.4	35.0	34.8	40.1
2012/14	28.7	35.2	36.6	39.4
2013/15	29.0	36.1	37.3	39.3

The implementation of Road Asset Management Plans, better targeting of spend and the balance between short term and permanent fixes will be important factors in driving future costs and condition across the roads network.

Environmental Health & Trading Standards

Since 2010/11, there has been a reduction in Environmental Health & Trading Standards costs by 10.1% from £26,064 to £23,433, with most of this reduction taking place between 2010/11 and 2011/12. In 2012/13, the framework split these measures to enable a better understanding of the trends in each of these services.

Since 2012/13, there has been a 4.3% increase in the cost of Trading Standards services per 1,000 population, from £5,499 to £5,736. In 2014/15, costs ranged from £2,898 to £11,853. Across this same period, there has been a 0.2% reduction in the cost of Environmental Health services per 1,000 population, from £17,742 to £17,698, with costs ranging from £7,383 to £27,661 in 2014/15. There were no significant differences due to rurality, deprivation or size of council for either environmental health or trading standards costs.

Cost of Trading Standards and Environmental Health per 1,000 Population

% Change	Trading Standards		Environmental Health	
	Cash	Real	Cash	Real
2012/13 - 2014/15	8.0	4.3	3.3	-0.2
2012/13 - 2013/14	7.3	5.1	6.6	4.4
2013/14 - 2014/15	0.0	-0.8	0.0	-4.5

Corporate Services

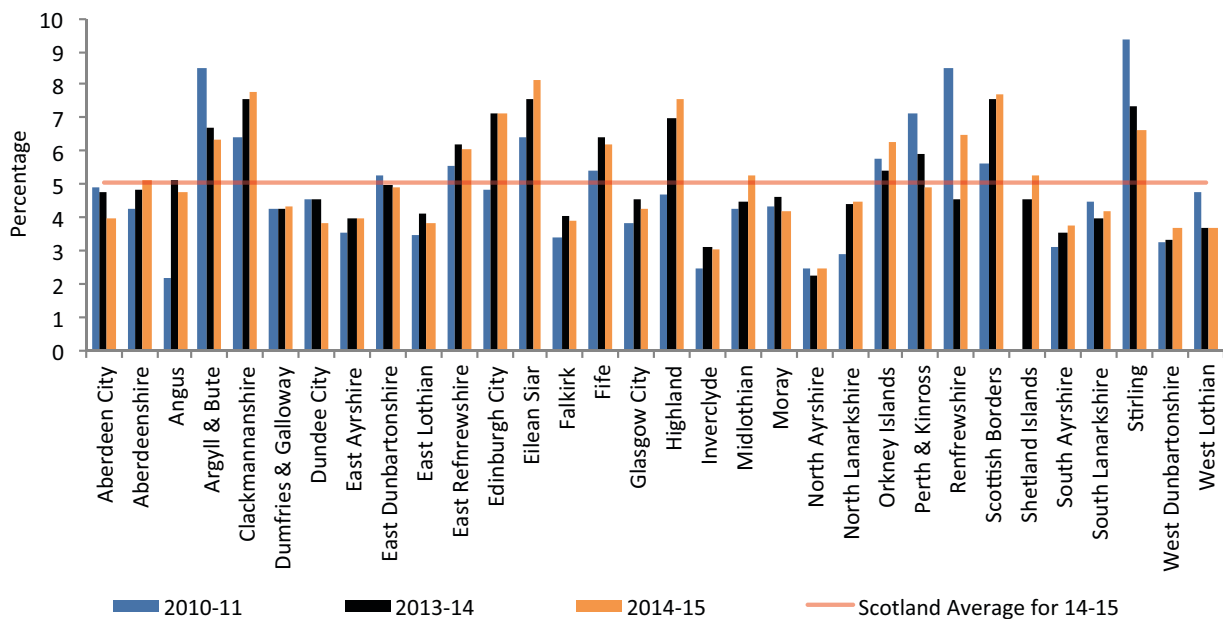
Support Services

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 2014/15 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 methodology³³. In reality, spend on support services has reduced by 8.4% during this 5 year period, however there has been a proportionately larger reduction in the total revenue budget of councils which has reduced by 17.5%.

In 2014/15 the range across councils was from 2.5% to 8.1% with clear differences between urban, rural and semi-rural councils. In general terms support services represent a higher percentage of the total gross expenditure in rural authorities than urban and semi-rural councils; the rates were 6.3% on average for rural councils and 4.2% for urban and semi-rural councils.

Support Services as a Percentage of Total Gross Expenditure



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

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 2014/15 the Scottish average for the cost of the democratic core per 1,000 of population was

³³ In contrast to previous years, in 2013/14 and 2014/15 the total revenue budget was not adjusted to take account for contributions to joint boards, police, fire and transport bodies

£30,688. Over the five year period 2010/11 to 2014/15 the cost reduced by 14.4% in real terms. While this has reduced year on year, the biggest reductions were in 2010/11 to 2011/12 (7.4%), and in the last 12 months (5.5%), with a slower reduction during the intervening years.

Cost of Democratic Core Per 1,000 Population

% Change	Cash	Real
2010/11 - 2014/15	-8.3	-14.4
2010/11 - 2011/12	-6.0	-7.4
2011/12 - 2012/13	1.0	-0.8
2012/13 - 2013/14	0.8	-1.3
2013/14 - 2014/15	-4.2	-5.5

In 2014/15, there remains significantly large variation across councils, ranging from £14,840 to £142,844, with rural councils having significantly higher costs than urban/semi-rural equivalents (£42,432 for rural councils on average compared to £25,036 and £29,024 for urban/semi-rural respectively). If the island councils are removed from this range it reduces from £14,840 to £50,772. These figures indicate the higher costs 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. Small councils have significantly larger costs (£100,085 for the smallest councils, compared to £26,397 for the largest councils).

Highest paid 5% who are women

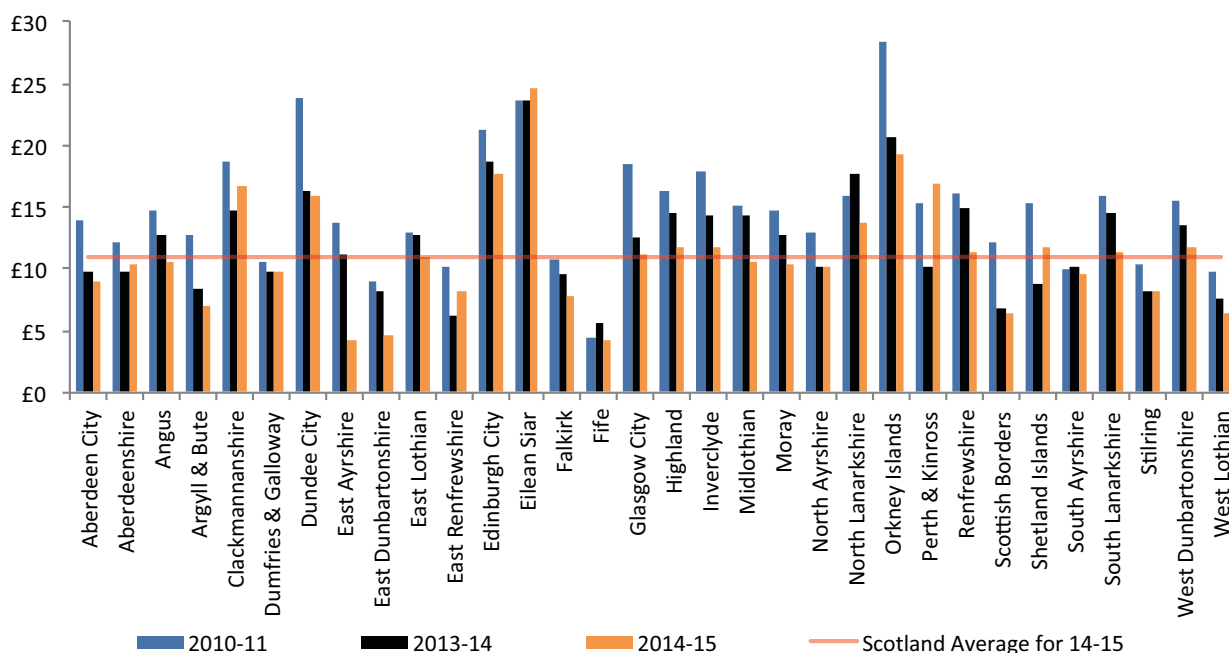
The percentage of women in the top 5% of earners in councils is a significant measure of the attempts by councils to ensure equal opportunity between genders. From 2010/11 to 2014/15 this has increased from 46.3% to 51.7%. The range across councils is from 25% to 61.1%, with urban councils reporting significantly higher levels at 54.4% compared to rural councils at 44.7%. While this is an important measure reflecting the progress which has been made in relation to gender equality in senior positions, there is a need to capture the progress being made across the wider workforce. As such, we have been working with councils and other partners to include a measure on the Gender Pay Gap, i.e. the difference between men's and women's earnings. This is a key measure under the Public Sector Equality Duty and while all councils now publish this information, further work is required to ensure the consistency of this before it is included here.

Council Tax

The cost of collecting council tax is measured on a per property basis to standardise the measure across councils. Over the five year period from 2010/11 to 2014/15 this has reduced by 26%, from £14.79 to £10.94 with an increased rate of reduction over the past two years.

The range however varies significantly from £4.28 to £24.57, with medium sized councils reporting the lowest costs. There has been a larger reduction in costs among urban councils than other councils during this period. A key factor driving the reduction in costs is the continued shift to new technology and automation, including e-billing/text reminders/IVR telephony systems.

Cost of Collecting Council Tax



Source: Council supplied figures

At the same time as the reduction in unit costs, the overall rate of in-year collection for council tax has remained high and shown steady improvement from 94.7% in 2010/11 to 95.5% in 2014/15. This has been achieved despite the challenges created by a difficult economic climate and significant welfare reform.

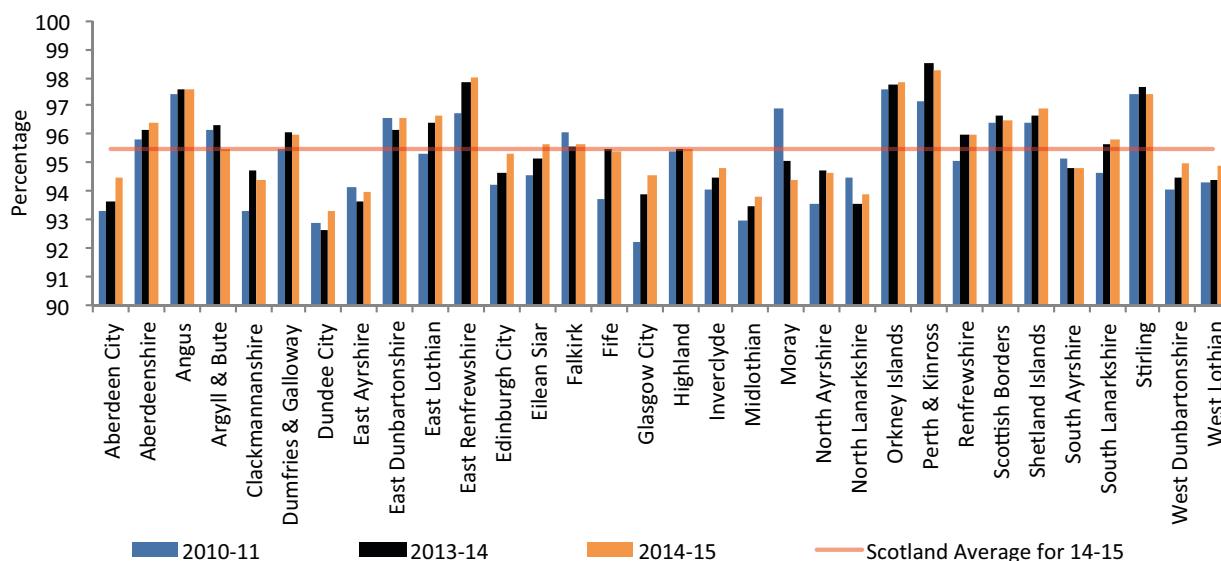
The range across councils is 93.3% to 98.3% with a significant pattern in relation to rurality and level of deprivation. Rural councils collect the highest (96.4%) compared to 95% for urban, and 94.9% for semi-rural. The least deprived councils collect the highest 96.6% compared to 94.6% in the most deprived councils, although this gap is narrowing.

The collection rates vary by council tax banding, with lower collection rates achieved for properties in the lowest value council tax bandings (A-D). Therefore, councils with a lower proportion of properties in the lowest value council tax banding (A-D) have on average a higher collection rate (96.7%) than councils with a higher proportion of properties in the lowest value council tax banding (95.1%). This trend is consistent across all years.³⁴

Improving the collection rate among A-D banded properties has been identified as a priority by councils, and we are currently working with colleagues within family groups to identify and share good practice in this area.

³⁴ Source: Local Government Finance Statistics, Scottish Government, <http://www.gov.scot/Topics/Statistics/Browse/Local-Government-Finance/PubScottishLGFStats>

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



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. There has been no change in the average number of sickness absence days per employee for non-teaching staff between 2010/11 and 2014/15, remaining at 10.8 days. However, this does reflect an increase in the last 12 months following an improvement in the intervening years. Councils range in 8.8 days to 14.5 days, with variation not related to the urban/rural nature of a council or its size.

For teaching staff, there has been a reduction in sickness absence since 2010/11 from 6.6 days to 6.3 days. However, as with non-teaching staff, there has been an increase in the last 12 months (from 6.1 days to 6.3 days). Councils range from 3.6 to 10.1 days, with no systematic relationship with urban/rural or size of council.

Councils are currently working in family groups to examine the factors underpinning these trends and to share learning in relation to approaches which have proven successful in managing absence. To support the Health and Social Care Integration agenda, work is also underway with the Society of Personnel and Development Scotland (SPDS) to develop a methodology which will allow meaningful comparison of absence rates between councils and with other public sector bodies. An update on this work will be shared in a future report.

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 92.5% over the five year period 2010/11 to 2014/15.

Corporate Assets

There has been consistent improvement in the condition of councils corporate assets over the period. The percentage of operational buildings that are suitable for their current use has improved from 73.7% to 79%, while the internal floor area in satisfactory condition has improved from 81.3% to 82.9%. There is significant variation across councils in both measures, ranging from 57% to 95.4% for buildings suitable for use, and 32.7% to 99.5% for condition of floor area.

Rural councils tend to have significantly lower levels of buildings suitable for their current use, although there is no similar relationship in terms of the condition of internal floor area.

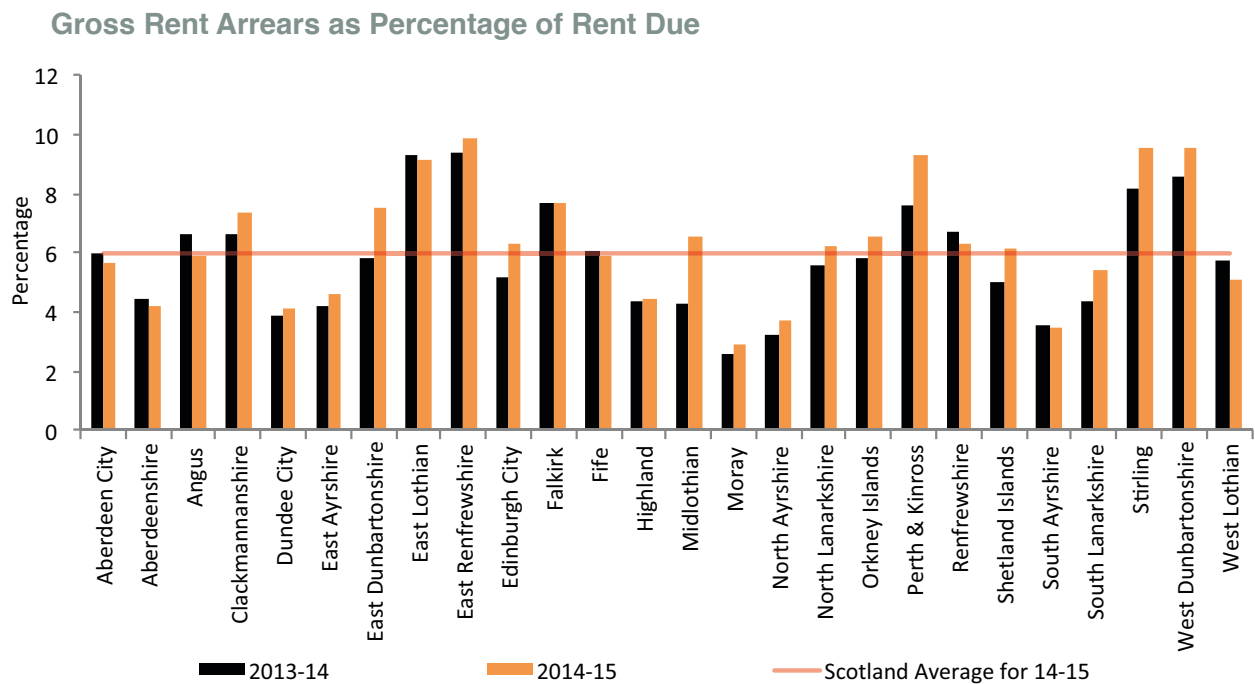
Housing

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.

Rent Arrears and Voids

Since 2013/14, the average Scottish tenants' arrears as a percentage of net rent due has increased from 5.6% to 5.9%. In 2013/14, the definition and methodology for this measure changed, therefore it is not possible to provide a direct comparison with previous years.

Arrears range from 2.9% to 9.9% across councils, with rural councils reporting a larger increase in arrears than urban or semi-rural councils.



Source: Annual Return on the Charter (ARC), Scottish Housing Regulator (SHR)

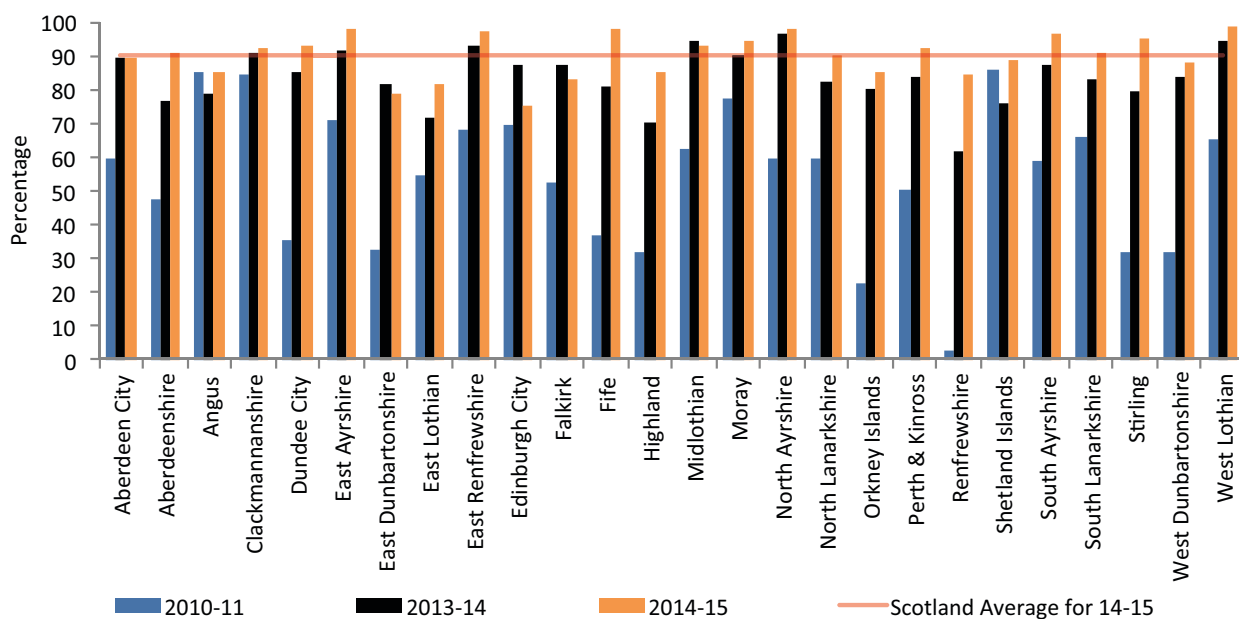
Note: Missing values represent the six councils who do not provide housing services

Meanwhile, the rent lost due to voids has reduced from 1.3% to 1.2% since 2010/11. Again, figures vary across authorities, from 0.4% to 2.7%, however neither the urban/rural nature of the council nor the size have a systematic impact here. The range has narrowed due to improvement at the lower performance end. Overall, these figures suggest the councils continue to manage their stock well in the face of mounting pressures.

Housing Quality

In terms of Housing Quality, there have been significant improvements over the past 5 years in terms of dwellings meeting Scottish Housing Quality Standards (SHQS) and energy efficiency standards. In 2014/15, 90.4% of council dwellings met the SHQS, an increase of 37 percentage points from 2010/11. The range across councils varies significantly from 75.3% to 98.9%, although this range has narrowed since 2010/11. The variation is affected by rurality, with semi-rural councils tending to have highest percentage (e.g. 95.5% compared to 86.2% for urban and 89% for rural).

Properties 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 2014/15, 96.5% of council dwellings were energy efficient, an increase from 74.9% in 2010/11. Councils range from 86.7% to 100%. This range has narrowed significantly due to improvement at the lower performance end. Rural councils on average have lower levels of energy efficiency (90.7%) perhaps due to rural houses tending to be larger and off the gas grid. This compares to 96.9% in urban councils and 99.3% in semi-rural 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.

Percentage of Dwellings Meeting SHQS and that are Energy Efficient

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
2014/15	90.4	96.5

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.

Economic Development

Accessing employment results not just in a positive economic outcome, but can typically also lead to improvements across a wider range of social outcomes and reductions in demand for public services. The LGBF measure is 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.

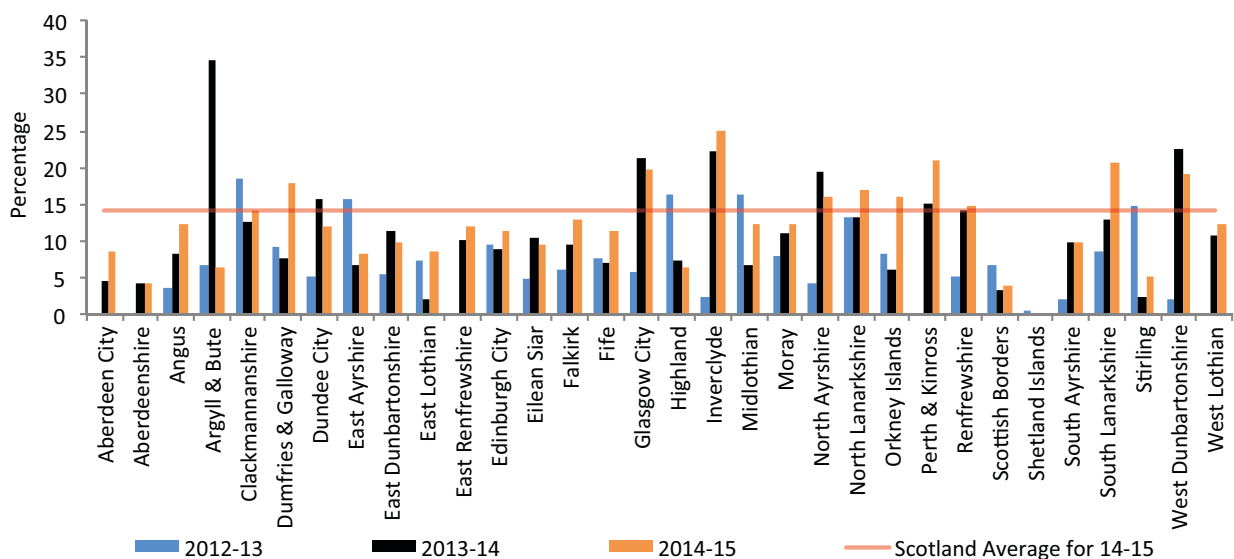
In 2014/15, the Scotland average for the percentage of unemployed people assisted into work from council funded/operated employability programmes was 14.2% of total unemployed, an increase from 9.6% in 2012/13. The percentage of people supported into work has grown by 24.5% at a time when unemployment has reduced by 19.8%.

Percentage of Unemployed People Assisted into Work from Council Operated/ Funded Employability Programmes

Year	% Unemployed People Assisted into Work from Council Operated/Funded Employability Programmes
2012/13	9.6
2013/14	12.5
2014/15	14.2

There is a considerable range across councils, from 3.9% to 25.2%, with lower rates for the least deprived councils (9.8%) compared to the most deprived (16.5%).

Percentage of Unemployed People Assisted into Work from Council Operated/ Funded Employability Programmes



Source: Model based estimates for unemployment, Office for National Statistics (ONS); SLAED Indicators Framework returns

Note: Missing values reflect no SLAED return for that year

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.

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. To enable this, the benchmarking framework supports evidence based comparisons on spending, performance and customer satisfaction between similar councils.

This last year has seen councils across Scotland improve the quality and performance of the services covered by the LGBF while continuing to manage pressures to reduce costs across service areas. This report highlights the significant variation in both cost and performance which exists between councils. It is these variations which provide the opportunities for learning. They provide the 'can openers' which support collaboration and sharing between councils to better understand the factors underpinning differences. We will continue to work with councils to support collaboration within family groups and to strengthen our processes for capturing and sharing good practices.

There is a continuous improvement programme to refine the benchmarking framework and there continues to 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 in line with the development of the National Improvement Framework for Education.
2. Agree outcome measures for senior phase education which reflect the whole range of measured achievement, building on the Curriculum for Excellence and aligning with other measurement frameworks, e.g. INSIGHT
3. Develop stronger measures to support improvements in outcomes for older people, and which reflect the complex changing landscape of Health and Social Care integration.
4. Expand the coverage within the framework to include benchmarks for planning, homelessness, procurement practices and business development.
5. Roll out where relevant the use of net cost indicators rather than gross cost indicators.
6. Take forward our on-going commitment to improve the measurement of customer satisfaction across local services

The collective efforts of all 32 councils in Scotland have 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. Over the coming period, further consideration will be given to the focus of the LGBF in relation to inputs, outputs and wider outcomes. We will explore with local government and partners how the approach could be further developed to support the wider Community Planning and Health and Social Care reform agenda, and in particular the role of more partnership focused frameworks.

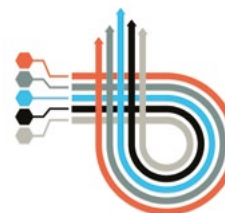
Appendix 1 Full List of Indicators and Service Categories

	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	CORP 1	Support services as a percentage of total gross expenditure
	CORP 2	Cost of democratic core per 1,000 population
	CORP 3b	The percentage of the highest paid 5% of employees who are women
	CORP 4	The cost per dwelling of collecting council tax
	CORP 5b2	Average time (hours) between time of noise complaint and attendance on site, for those requiring attendance on site
	CORP 6a	Sickness absence days per employee
	CORP 6b	Percentage of income due from council tax received by the end of the year
	CORP 7	Percentage of invoices sampled that were paid within 30 days
CORP 8	Older persons (over 65) home care costs per hour	
Adult Social Care	SW1	Older persons (over 65) home care costs per hour
	SW2	Direct Payment and Personalised Managed Budget 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	Older persons (over 65's) residential care costs per week per resident
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 per waste collection per premises
	ENV2a	Net cost per waste disposal per premises
	ENV3a	Net cost of street cleaning per 1,000 population
	ENV3c	Cleanliness score (%age acceptable)
	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 Unclassified 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 household waste arising that is recycled
	ENV7a	Percentage of adults satisfied with refuse collection
	ENV7b	Percentage of adults satisfied with street cleaning
Housing Services	HSN1b	Gross rent arrears (all tenants) as at 31 march each year as a percentage of rent due for the reporting year
	HSN2	Percentage of rent due in the year that was lost due to voids
	HSN3	Percentage of dwellings meeting shqs
	HSN4b	Average time taken to complete non-emergency repairs
	HSN5	Percentage of council dwellings that are energy efficient
Corp. Asset	CORP-ASSET1	Proportion of operational buildings that are suitable for their current use
	CORP-ASSET2	Proportion of internal floor area of operational buildings in satisfactory condition
Econ Dev	ECON1	Percentage of unemployed people assisted into work from council funded/operated employability programmes



Jan 2016



**Local
Government
Benchmarking
Framework**

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MEETING: 11 FEBRUARY 2016

COVER NOTE BY: SECRETARY TO THE COMMISSION

AUDIT OF BEST VALUE: PROGRESS – CITY OF EDINBURGH COUNCIL

Purpose

1. The purpose of this paper is to introduce the Controller of Audit's report on progress with Best Value in City of Edinburgh Council. The Commission is invited to consider the report and decide how it wishes to proceed.

Background

2. At its meeting on 11 December 2014, the Commission considered a report by the Controller of Audit on the progress made by the City of Edinburgh Council against improvements previously required by the Commission.
3. The Commission published findings on 4 December 2014. As part of its findings, the Commission required the Controller of Audit to report on progress by the end of 2015, with particular focus on:
 - the Council's transformation projects
 - the development and implementation of a workforce strategy, and
 - the Council's financial position.
4. The attached report provides an update on progress made by the council on these issues. It reflects work done during the annual audit process and reported in the Annual Audit Report issued in September 2015, and more recent audit activity to ensure coverage of the recent budget preparations at the Council.

The Controller of Audit report

5. The attached report to the Commission is made by the Controller of Audit under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
6. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - a) the accounts of local authorities audited under the Act;
 - b) any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public.
 - c) the performance by a local authority of their statutory duties in relation to best value and community planning.
7. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public

inspection. Once the Controller of Audit's report is sent to the Council it is effectively in the public domain.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:
 - a) direct the Controller of Audit to carry out further investigations;
 - b) hold a hearing;
 - c) state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence presented in the report.

Conclusion

11. The Commission is invited to:
 - a) consider the report by the Controller of Audit on Best Value in City of Edinburgh Council; and
 - b) decide how it wishes to proceed.

Paul Reilly
Secretary to the Commission
3 February 2016

APPENDIX 1:

City of Edinburgh Council

Commission findings

December 2014

The Commission accepts this report by the Controller of Audit which it required as part of its findings on the council in 2013.

In its findings in 2013, in light of the risks and uncertainties in relation to the council's planned savings between 2014 and 2018 the Commission "urged the council to give absolute priority to ensuring the savings identified are both achievable and delivered". We note that in some instances savings have not been achieved or, in the case of procurement, have been scaled back. We have growing concern about the increased level of savings required by the council: our previous findings stated that the council needs to make recurring annual savings of £107million by 2017/18; now it is £138 million.

In 2013, the council reported that the gap between the savings required by 2017/18 and those already identified in council financial plans was £17 million; now it is £67 million. The means of closing the savings gap have yet to be fully identified. While the council has developed a transformation programme, this is still in its initial phase and it is too early to say that it will deliver its objective. Nor is it clear what alternative strategy, if any, the council would follow if the programme failed to deliver the necessary level of savings. The financial implications associated with the statutory repairs service also remain a substantial risk to the council.

In our last findings we highlighted the need for the council to develop a workforce strategy. This is not yet in place and represents a significant strategic failure by the council. A workforce strategy is essential in enabling the council to manage and plan its required savings. Also in our previous findings we advised that the council needed to improve its information and communications technology: this is fundamental to effective transformation and we note that this is an area that still requires improvement.

We acknowledge, however, that some important elements are now in place to help such a drive for improvement. We are particularly encouraged by the progress made by the council in embedding its governance arrangements, notably around elected member scrutiny of performance. Improved risk management and internal audit is also valuable, and we note the potential influential role of the Corporate Programme Office in making progress. Continuing improvements to communications with staff will also help facilitate staff awareness and buy-in of planned changes.

We identified in our previous findings some service areas where improvement is needed: in adult social work, waste management and meeting housing need. We are encouraged that all have seen improvements, but we recognise that all are subject to substantial pressure.

In the challenging circumstances facing the council the leadership of elected members will be crucial; equally will be a consistent corporate focus by the Corporate Management Team both in providing elected members with comprehensive and accessible information about the council's financial position and the transparent reporting of all alternative options for service redesign.

The scale of the challenge facing the council has substantially increased since our last findings. We therefore require the Controller of Audit to report to the Commission in a year. We expect the council to have made substantial improvement by that date.

The City of Edinburgh Council

Best Value Audit 2016

ACCOUNTS COMMISSION 

Prepared for the Accounts Commission by the Controller of Audit
February 2016

The Accounts Commission

The Accounts Commission is the public spending watchdog for local government. We hold councils in Scotland to account and help them improve. We operate impartially and independently of councils and of the Scottish Government, and we meet and report in public.

We expect councils to achieve the highest standards of governance and financial stewardship, and value for money in how they use their resources and provide their services.

Our work includes:

- securing and acting upon the external audit of Scotland's councils and various joint boards and committees
- assessing the performance of councils in relation to Best Value and community planning
- carrying out national performance audits to help councils improve their services
- requiring councils to publish information to help the public assess their performance.

You can find out more about the work of the Accounts Commission on our website:

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Commission's Findings

[These will be added following the deliberations of the Accounts Commission at its meeting on 11th February 2016]

1.

Summary

1. Over the past two years, the Accounts Commission has raised significant concerns about the City of Edinburgh Council, particularly over its increasingly challenging financial position and the action needed to address this. The council has made considerable progress in addressing these concerns. While it still faces significant challenges, the council now has a clear strategy for changing the way it delivers services, reducing its workforce, and achieving substantial financial savings. There is growing evidence that these savings are being achieved.
2. Elected members and senior managers now have a shared understanding of the challenges facing the council and the action that needs to be taken. Members have tried to set priorities that will help protect front-line services but, where necessary, they have shown a willingness to make difficult decisions and reduce services. There have been widespread changes at senior manager level. The council appointed a new CEO in July 2015 and none of the directors of the council's 2013 corporate leadership team (CLT) is still in post. Despite these changes, there has been continuity in the council's approach to reshaping its services and making the necessary savings. If anything, the pace of change has quickened in recent months.
3. The council's various improvement projects have been consolidated into a single transformation programme. The individual projects are at different stages of completion, but there is evidence that they are now being used to redesign services and change the way the council operates:
 - a new ICT contract has been signed, with projected savings of £45 million over the next seven years
 - as a result of *Channel Shift*, increasing numbers of customer transactions are being made available online, and
 - in line with the council's Transformation Programme, the council has created four localities and is using these to restructure and integrate much of its operational decision-making.
4. The council now has a workforce strategy, supported by more detailed plans, setting out the size and shape of its future workforce needs. Implementation of these plans is underway, with a reduction of around 4.6 per cent of the total workforce, worth around £25.8 million per year, due to be completed by March 2016. Plans are now well developed for the next phase of workforce reductions.
5. As a result of these initiatives, the council has made considerable progress in planning and delivering financial savings. It has now agreed a four-year budget framework and business plan. This sets out a balanced budget for 2016/17 and each of the two following financial years, with £15.3 million of savings still to be identified for 2019/20. This is in sharp contrast to the unidentified savings gap of £67 million that was reported in 2014. There is now evidence that these planned savings are being achieved. The council met its savings target of £39

million in 2014/15, mostly from planned savings projects, and is on target to meet most of its planned savings of £49 million for the current financial year.

6. In line with other local authorities, the council continues to face uncertainties about future funding levels and service demands. It is now in a stronger position to meet these challenges.

Audit Assessment

Background

The Accounts Commission has highlighted growing concerns in recent years about the council's financial position and its capacity to implement the changes required to achieve substantial reductions in its spending.

7. Since 2013, the Accounts Commission has expressed significant continuing concerns about the arrangements in place at the City of Edinburgh Council to secure Best Value. These concerns have particularly focused on the council's financial position and the increasingly pressing need for it to deliver significant savings.
8. In May 2013, in response to my report, the Accounts Commission expressed concern about the need for the council to achieve recurring annual savings of £107 million by 2017/18, with plans for £17 million of these still to be identified. Significant concerns were also raised about the need for the council to develop a workforce strategy, and improve its use of information and communications technology (ICT), risk management, and scrutiny. The Commission asked me to report again by the end of 2014.
9. In December 2014, the Accounts Commission considered my follow-up report. This provided some assurance that the council had made good progress in a number of areas, such as risk management and scrutiny. However, the Commission expressed growing concern over the council's financial position, with an increase in the recurring annual savings that were needed from £107 million to £138 million, and in unidentified savings from £17 million to £67 million. It recognised that the council was developing a transformation programme in order to help generate the savings required. But this initiative was still in an initial phase and it was too early to assess its likely success.
10. The Commission requested a further report on progress over the next year. In responding to that request, this audit looked at:
 - the capacity of the council to continue to meet the challenges it faces in future years
 - the continued development of the council's transformation programme and savings plans
 - the development of a workforce strategy
 - the extent to which savings will now be achieved.
11. My conclusions are based on detailed audit work carried out between August 2015 and January 2016, which included the following:
 - Reviewing key reports prepared for council and committee meetings
 - Observing council and committee meetings
 - Interviewing a range of elected members and senior officers.

12. The audit work also took into account the ongoing work of the council's local external auditors, summarised in the annual audit report submitted to me in September 2015.

Leadership

Elected members and officers have continued to develop a shared vision for the council and the city it serves, despite continuing changes at senior manager level.

13. There is evidence that members and officers have a shared vision for the City of Edinburgh and for the council. Over the past year or so, they have developed a better understanding of the pressures facing the council, with an expectation that resources will continue to fall while demands on services continue to increase. Through a series of strategic documents, such as *Organise to Deliver and Better Outcomes through Leaner Delivery (BOLD)*, they have set out how the council will need to reshape its services to meet these challenges.
14. Over the past year, at a time of significant financial pressures, elected members have shown clear leadership. They have increasingly been involved in setting the broad direction of savings plans and have shown a willingness to make difficult decisions, including reductions in staffing levels and services. Members are provided with regular progress reports and updates on the various strands of the council's transformation programme and savings plans, and show a readiness to ask questions and challenge officers. The introduction of regular performance 'dashboard' reports, for example, is a step forward in summarising complex issues, such as workforce reductions and savings plans, and highlighting areas of concern.
15. Senior managers have also continued to provide strong leadership, despite a high turnover in personnel. In addition to a new CEO being appointed in July 2015, there has been a series of changes at director level. As a result, none of the directors of the council's Corporate Leadership Team (CLT) in post during 2013, remains. This disruption in continuity brings some risks for the council's management capacity, but there is good awareness of these. So far, the new CEO and CLT have brought a renewed energy to the council's transformation programme, with the pace of change noticeably quickening in recent months, particularly over savings plans and workforce reductions.
16. There is also evidence to suggest that service directors are working in a consistent, coordinated manner. All savings proposals are discussed and agreed at CLT meetings before being presented to members for their approval. In addition, directors are working to support one another. During 2015/16, with a forecast overspend of around £16 million in health and social care, other services generated additional savings of £9.8 million which, alongside actions taken within the service, helped offset this pressure on these important community services.
17. There is some ongoing risk relating to management capacity. A new structure for executive directors was approved in December 2015. This rearranges some responsibilities, with areas such as ICT, Strategy & Insight, and Communications now reporting directly to the CEO, and the Deputy CEO post now replaced by an Executive Director of Resources. With the council's

recruitment contract currently being re-tendered, it is expected that it take between six and nine months before all CLT posts are permanently filled. In addition, the council is currently reducing the number of senior and middle-management posts. This wider restructuring is being carried out as part of the council's Transformation Programme, with planned changes in the way the council provides many services. But, again, it will be some time before the effect of the changes on management capacity can be properly assessed.

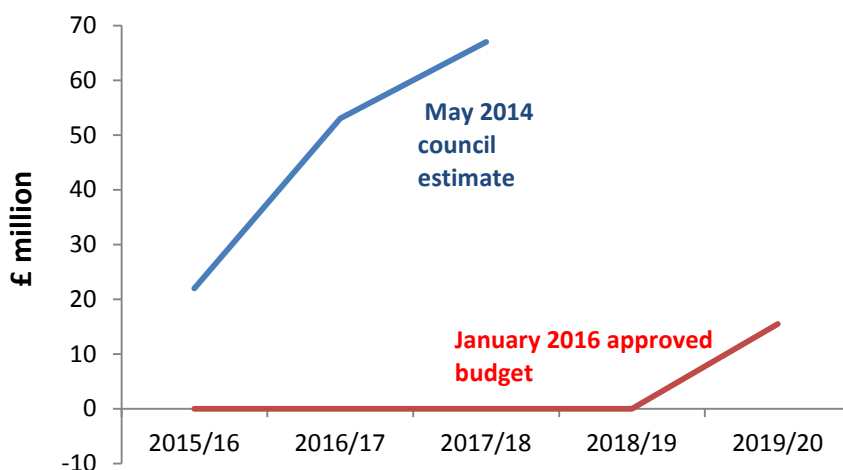
Financial position

While it continues to face growing financial pressures and uncertainty, the council has made substantial progress in planning and delivering financial savings.

18. In recent years, the council's financial position has been of particular concern to the Accounts Commission. With growing demands on its services and reducing resources, the council has needed to make substantial savings. In 2013, it estimated that it needed to make savings of £107 million by 2017/18, around 11 per cent of its annual net expenditure, with savings proposals of £17 million still to be identified. By 2014, the required savings had increased to £138 million, with unidentified savings of £67 million.
19. There is now clear evidence that the council has made considerable progress in its financial performance. In 2014/15, the last complete financial year, it achieved its savings target of £39 million, largely through planned savings projects, and maintained its level of unallocated reserves. There is also evidence that it should achieve most of its planned savings of £49 million for 2015/16. The latest monitoring reports, submitted to the Finance & Resources Committee in January, show that it is still on track to deliver a balanced budget. This is despite needing to deal with a forecast overspend of £16 million in health and social care earlier in the year (this was addressed through a range of measures, including reducing staff numbers, changes to eligibility criteria, and closure of one care home and two day centres).
20. The council has made substantial progress in developing its longer-term savings plans. This is partly due to the continuing development of its Transformation Programme. But it is also due to an increase in the pace of change, with workforce reductions being accelerated in order to generate earlier savings. During 2015, a series of detailed proposals have been developed by senior managers, reflecting these internal changes to the way the council delivers its services. In addition, however, the savings plans have also set out reductions in the level of some services being delivered. A consultation and engagement exercise was carried out between October and early December, seeking the views of the public on these proposed changes.
21. In developing its savings plans, the council has also had to respond to growing external financial pressures and uncertainties. As a result of the Local Government Financial Settlement, announced by the Scottish Government in December, the council has estimated its resources will fall by a further £16.7 million for 2016/17. It has planned to cover this shortfall with a range of measures, including a further acceleration of its transformation programme and a reduction in the options members have for not taking forward some savings proposals.

22. As a result, the council approved a four-year budget framework and business plan on 21 January. This sets out how it proposes to deliver a balanced budget for each of the financial years 2016/17, 2017/18 and 2018/19. While savings of £15.5 million remain unidentified for 2019/20, this shows a marked improvement in the council's financial planning since 2014 (Exhibit 1).

Exhibit 1: Unidentified savings requirements



Source: 'Council transformation programme and improvement plan', F&R Committee, May 2015, and 'Revenue and capital budget framework', F&R Committee, January 2016

23. This four-year budget framework, and its supporting savings proposals, are subject to a series of significant risks and uncertainties. The council has some flexibility, through plans to maintain uncommitted reserves at £13 million over the coming financial year. It also has a contingency of £2.5 million in 2016/17, subsequently rising to £5 million per year, to provide for savings options that are not taken forward. But, as mentioned above, the level of these contingencies is substantially less than initially planned.
24. However, the council has identified the key risks, external and internal, to its financial plans. These were reported to the Finance & Resources Committee in January 2016 and includes assumptions about a wide-ranging set of issues, including:
- The level of future Local Government Financial Settlements,
 - the ending of the council tax freeze, with the budget framework assuming an increase of three per cent from 2017/18
 - inflation
 - health and social care integration, and
 - the impact of the national minimum wage.

25. In line with other local authorities, the council faces significant uncertainties about future funding levels and demands on its resources. At this stage, however, the assumptions and risks underpinning its four-year budget framework look to be reasonable and realistic.
26. In previous years, audit reports have raised concerns about the council's statutory repairs service, with delays in billing for work completed and uncertainties about the money that it will be able to recover. The council has made steady progress in addressing these issues, with elected members receiving monthly updates at the council's Finance and Resources Committee. Bills have now been issued for all work completed. By the end of December 2015, the last report available, £10.6 million had been received, with a further £1.3 million secured in payment plans and inhibitions. So far, £11.2 million of debts have been approved for write-off, with the council's accounts containing a provision for an expected total of £17.9 million to be written-off.

Transformation programme

The council's various improvement projects have been consolidated into a single transformation programme. This has still to be fully implemented, but it is now starting to reshape the council's services and deliver savings.

27. At the time of our last audit of Best Value in 2014, the council was developing a range of improvement projects which were designed to reshape the council and change the way it delivers services in the future. These included *Better Outcomes through Leaner Delivery (BOLD)*, *Organise to Deliver* and *Channel Shift*. There were links and overlaps between these various projects and they have now been consolidated into a single Transformation Programme, to help avoid the double-counting of planned savings and to present clearer choices for elected members.
28. During 2015, significant progress has been made on all of the key elements of this overall Transformation Programme:
- **ICT contract** - A new ICT contract was signed with CGI in August 2015. The council projects that this will deliver savings of at least £45 million over the next seven years. In our view these projections are achievable, given the terms and flexibility of the new contract.
 - **Channel Shift** - The council is currently redesigning many of its customer care services, simplifying them and, where possible, moving to online transactions. This is planned to deliver annual savings of £5.9 million, through reducing the number of support staff. There are early signs that this initiative is making an impact, with 40 transactions already available online and savings of £355K over the past year. The council now aims to roll-out a further 153 new digital transactions types in 2016/17.
 - **Corporate Property** - In September 2015, the council agreed to rationalise its estate and its property investment portfolio, with the aim of reducing its costs by around £4 million per year. Members rejected proposals to outsource support staff, which officers estimated would save around £6 million per year. Instead they supported an alternative proposal to

re-model an in-house service, which is estimated will save around £2.7 million per year. Officers are currently developing the details for this re-shaped in-house model. However, given the decision to proceed with an in-house model was based on the coalition's presumption against outsourcing council services, it will be important for the council to demonstrate that future arrangements do represent Best Value.

- **Organise to Deliver** - The council has created four Localities which for the first time mean that all local public services in the Edinburgh area will share common administrative boundaries. This is planned to help delegate operational decision-making and integrate the delivery of local services. This initiative forms part of the drive to reduce staffing levels and costs. These detailed plans are still being developed and it will be some time before they can be seen to deliver the predicted savings of £20 million per year. However, the Locality Transformation Plan was approved by the Communities and Neighbourhoods Committee in November 2015. The council is currently engaging with its city partners to finalise membership of the four Locality Leadership Groups. The new locality model is then expected to be piloted in March, with a full roll-out in April 2016.

Workforce management

The council now has a workforce strategy, supported by more detailed plans, setting out the size and shape of its future workforce needs. It is now starting to achieve the reductions set out in these plans.

29. The council approved a workforce strategy in March 2015. The absence of such a strategy was highlighted by the Accounts Commission in 2013 and 2014 and was seen as a key gap in its efforts to address its growing financial challenges.
30. *'An engaged and empowered workforce: workforce strategy 2015-2020'* sets out a broad vision for the council's future workforce, linking it to its broader transformation programme and highlighting the need for reductions in staffing levels. Over the following months, as the council's financial plans and transformation programme continued to be developed, this has been supplemented by more detailed workforce plans. In broad terms, the council is seeking to reduce its workforce by around 2,000 full time equivalents (FTEs) by 2017. Initially, it is seeking to achieve quick reductions through a new Voluntary Early Release Arrangement (VERA). Following a series of service reviews and a reshaped staffing structure, this will be followed by a programme of voluntary redundancies. As a last resort, if these measures do not achieve the required staffing reductions, members have also indicated a willingness to reconsider using compulsory redundancies.
31. There is evidence to show that the council is now making progress in implementing these plans. By mid-January, 1,475 FTEs had applied for a VERA. 110 staff, with annualised pay costs of £4.3 million, accepted final offers and left the council in December. A further 569 notes of interest, with annualised pay costs of £21.1 million are under consideration and progress is being reported monthly to the council's Finance and Resources Committee. The numbers accepted, or currently being considered, for a VERA represent around 4.6 per cent

of the council's workforce. In addition, 43 staff, with annualised pay costs of £1.7 million, have been redeployed to other jobs.

32. The council is also making progress with a series of organisational reviews, linking its planned restructuring through *Organise to Deliver* to its future workforce needs. It is due to complete a programme of 28 reviews by May 2016, with those for Tier 3 managers, ICT, Communications and Human Resources now completed. These will then be used to determine the staffing levels and structures needed to deliver council services in future years.

Conclusions

33. The council has made considerable progress in addressing the concerns highlighted by the Accounts Commission in its Findings on the Statutory Report in December 2014. In particular, it has:
- Agreed a new four-year budget framework and business plan, which is supported by a range of savings proposals which identify how a balanced budget will be achieved for each of the next three financial years
 - Achieved savings of £39 million in 2014/15, and is on track to deliver further savings of up to £49 million in the current financial year.
 - Approved a workforce strategy, with more detailed supporting plans, and is now beginning to implement these proposals with, for example, a forecast reduction of 4.6 per cent in the size of its workforce during 2015/16 from VERA.
 - Made good progress in developing and implementing its key improvement plans, now the council's Transformation Programme, to change the way it delivers services
 - Signed a new ICT contract, with projected savings of £45 million over the next seven years.
34. The council has managed to achieve all this, despite a high turnover in its senior managers. It will need to ensure that now has a period of stability in its CLT over the next few years. It has also shown that it is prepared to make difficult decisions, with reductions in its workforce and the services it provides. But, it will need to monitor the success of these changes and be able to demonstrate that decisions, such as retaining in-house estates services, represent Best Value.
35. It is important that elected members and senior managers continue to provide good leadership of the council, and that its transformation programme is fully implemented and delivers the planned savings. The council will continue to face significant challenges and uncertainties in the coming years. But it is now in a stronger position to meet these future challenges.

Appendix

Accounts Commission's 2014 findings

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2. In its findings in 2013, in light of the risks and uncertainties in relation to the council's planned savings between 2014 and 2018 the Commission "urged the council to give absolute priority to ensuring the savings identified are both achievable and delivered". We note that in some instances savings have not been achieved or, in the case of procurement, have been scaled back. We have growing concern about the increased level of savings required by the council: our previous findings stated that the council needs to make recurring annual savings of £107million by 2017/18; now it is £138 million.
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6. We identified in our previous findings some service areas where improvement is needed: in adult social work, waste management and meeting housing need. We are encouraged that all have seen improvements, but we recognise that all are subject to substantial pressure.
7. In the challenging circumstances facing the council the leadership of elected members will be crucial; equally will be a consistent corporate focus by the Corporate Management Team both in providing elected members with comprehensive and accessible information about the

council's financial position and the transparent reporting of all alternative options for service redesign.

8. The scale of the challenge facing the council has substantially increased since our last findings. We therefore require the Controller of Audit to report to the Commission in a year. We expect the council to have made substantial improvement by that date.