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## **ACCOUNTS COMMISSION REPORT - LOCAL GOVERNMENT IN SCOTLAND OVERVIEW 2021**

**Report by Chief Officer Audit & Risk**

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### **AUDIT AND SCRUTINY COMMITTEE**

**29 June 2021**

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#### **1 PURPOSE AND SUMMARY**

- 1.1 The purpose of this report is to make the Members of the Audit and Scrutiny Committee aware of the Accounts Commission report - Local Government in Scotland Overview 2021.**
- 1.2 This report highlights the Accounts Commission report Local Government in Scotland Overview 2021, published on 27 May 2021.

#### **2 RECOMMENDATIONS**

**2.1 I recommend that the Audit and Scrutiny Committee:**

- a) Notes the details of the Accounts Commission report Local government in Scotland Overview 2021; and
- b) Considers the Council's position in relation to the report's recommendations.

### 3 LOCAL GOVERNMENT IN SCOTLAND OVERVIEW 2021

3.1 The Accounts Commission's report Local Government in Scotland Overview 2021 was published on 27 May 2021 on the Audit Scotland website [Councils and communities worked well together, but impacts of Covid-19 are unequal | Audit Scotland \(audit-scotland.gov.uk\)](https://www.audit-scotland.gov.uk/publications/councils-and-communities-worked-well-together-but-impacts-of-covid-19-are-unequal)

3.2 The summary published on the website is as follows:

Scotland's councils reacted quickly, working alongside communities and partners, to address the unprecedented challenges created by Covid-19. Many challenges remain significant, made more urgent by the multiple impacts of Covid-19 on communities and services.

Councils have a critical role in providing vital services which communities depend on. In its Local Government Overview 2021 report, the Accounts Commission, who report to the public on the performance of local government, make clear that councils, alongside their partners, quickly provided innovative and sustained support to vulnerable people. This included supporting those who were shielding or self-isolating, switching to delivering services digitally and managing significant funding to support local businesses.

With many council services disrupted, stopped or reduced, in particular education, social care and culture and leisure, the impact on some service users was severe and unequal. This included carers who lacked access to respite care, people with learning disabilities who were unable to access critical services and support, those receiving care at home and school children whose education was disrupted.

Covid-19 has also exacerbated and laid bare fundamental issues that need to be addressed to ensure services are maintained and that councils can tackle the multiple challenges ahead. To help achieve this, longer-term financial certainty for councils will be vital. Whilst the Scottish Government has provided significant financial support to councils to assist in managing the net cost of Covid-19 in 2020/21, considerable amounts of funding took the form of one-off payments. Furthermore, funding for councils beyond 2021/22 remains uncertain. Addressing this issue is vital.

3.3 Key messages in the report include:

1. The Covid-19 pandemic is having a profound impact on all aspects of society, including the economy, jobs, and the physical and mental health of the public
2. Relationships with communities have been vital
3. Levels of service disruption have varied
4. Some services were delivered virtually
5. The workforce demonstrated the versatility to take on new roles
6. There were significant changes in council governance structures and processes
7. Councils continue to face significant financial challenges, and these have been exacerbated by the pandemic
8. The Scottish Government has provided substantial additional financial support, but the nature and timing of funding has created further challenges for councils
9. Councils have started to plan for longer term recovery from the crisis
10. There has been some ongoing learning resulting from the emergency response to the pandemic

### 3.4 Key Lessons Learned in the report include:

1. The impact of Covid-19 has been extremely detrimental for many of Scotland's most vulnerable people and communities. The impact will be long-lasting and will significantly increase inequalities. Recovering from the pandemic will require tackling inequalities to be a priority. As councils may look to embed longer-term changes to service provision as seen during the pandemic, it is important that they are adaptable in their approach, to ensure that services are reaching communities in the right way. Councils need to understand the needs of those experiencing digital exclusion and put a strategy in place to ensure equal access to services for all citizens and communities.
2. Action taken by communities has been vital in supporting councils and their partners to deliver an emergency response. Partnerships that were well-established before the pandemic had a smoother transition into the response phase and acted more quickly than others. The importance of strengthening relationships with communities has been apparent. Greater flexibility in decision-making structures has been an effective tool for communities, empowering them while allowing the council to operate more efficiently. Giving communities more scope to use initiatives like this will be important in the future but must be balanced with the return of robust governance arrangements and continued openness and transparency in decision-making.
3. Councils must closely monitor the impacts of service changes and disruptions on people and communities. There are growing concerns about the effects of service disruptions on different groups, for example the impacts of moving school education into homes and online on disadvantaged and vulnerable children and young people, and of reduced or paused care services on people who rely on them and their carers. Councils must develop targeted responses to tackle both the immediate negative impacts of the pandemic and the long-term inequalities that have been exacerbated. As councils embrace longer-term digital service provision, they must balance the efficiencies digital services bring against the needs of communities and the workforce. Citizens must be at the heart of decisions about the services they rely on.
4. Councils and their staff have been at the centre of unprecedented efforts to protect and support people and communities through the Covid-19 pandemic. Demands on people have been intense, and both council staff and the citizens they serve will need continued targeted support through the move to recovery and renewal. Councils' recovery and renewal efforts must be informed by comprehensive understanding of the issues that affect all those who live and work in their communities, and the positive partnerships built on during their initial response should be a core element in this. The impacts of the pandemic, particularly its unequal impacts on groups in society and the awareness it has raised of issues of fairness and equality, the importance of community and the value of local services are all key to deciding future priorities for public services and what 'building back better' might mean for communities.
5. The timing and nature of funding for local government is creating pressure and uncertainty for councils beyond the current financial year. Funding is being provided incrementally and the lack of certainty regarding future budgets makes effective short- and medium-term planning very difficult for councils. Covid-19 will have long-term impacts on councils and the communities that they serve. Councils are likely to require additional support to address the challenges of remobilising services, and supporting social and economic recovery. If additional funding is provided with specific conditions or is ring-fenced for specific purposes councils will then be forced to make difficult prioritisation decisions with potential negative impacts on other services. A lack of flexibility in future funding may lead to a differential impact on service delivery and exacerbate existing financial sustainability risks. As reported in Local government in Scotland: Challenges and performance 2018, services such as planning, cultural services, environmental health and roads have borne the brunt of service cuts in recent years. The trend has been one of larger reductions to relatively smaller service areas with no change in real terms to social care and education spending. The increased financial constraints created by Covid-19 are likely to create a further risk to recovery should smaller services face further cuts. This will adversely affect councils' ability to provide important services that people and communities rely on.
6. Councils have reacted well to the changing environment and have acted quickly to implement new governance arrangements that are safe and flexible. Although delegation to officers and emergency committees was undertaken at some councils in the early stages, it is welcome that all 32 councils now have arrangements in place to support remote meetings. It is likely

that the requirement for remote meetings will continue for some time, therefore all councils should ensure that public participation is facilitated as soon as possible to provide openness and transparency in decision-making.

7. Councils' medium-term financial plans will need to be updated to reflect the significant financial impact of the Covid-19 pandemic. Although considerable challenge and uncertainty still exists, it is important that councils have a plan in place that identifies medium-term impacts so that steps can be taken to manage risk and plan effectively. Good medium-term financial planning, based on modelling various future scenarios and focusing on clear priorities, is more important now than ever.

### This report:

- is the first in a series of reports that reflects the evolving and long-term nature of the impact of Covid-19;
- considers the initial response phase of the pandemic from March 2020, and includes financial data correct as at the end of February 2021; and
- provides case study examples of council responses to new challenges.

### Future reporting:

- will give a more detailed analysis of the impact of the pandemic and lessons learned from it, including an assessment of progress being made in early phases of recovery in 2022; and
- will cover further progress, with renewal and recovery reported on in 2023.

## 4 IMPLICATIONS

### 4.1 Financial

There are no direct financial implications associated with this report.

### 4.2 Risk and Mitigations

The role of the Audit and Scrutiny Committee (Audit functions) includes the high level oversight of the effectiveness of the Council's systems of internal financial control, internal control, governance and risk management. To fulfil this remit, it seeks assurance from various sources including external scrutiny, audit and inspection agencies as outlined in this report.

### 4.3 Integrated Impact Assessment

This is a routine good governance report for assurance purposes, not a new or revised policy or strategy for decision and, as a result, completion of an integrated impact assessment is not an applicable consideration.

### 4.4 Acting Sustainably

There are no direct economic, social or environmental issues with this report.

### 4.5 Carbon Management

There are no direct carbon emissions impacts as a result of this report.

### 4.6 Rural Proofing

This report does not relate to new or amended policy or strategy and as a result rural proofing is not an applicable consideration.

#### 4.7 **Changes to Scheme of Administration or Scheme of Delegation**

No changes to the Scheme of Administration or Scheme of Delegation are required as a result of this report.

### **5 CONSULTATION**

- 5.1 The Corporate Management Team considered this report on 16 June 2021.
- 5.2 The Executive Director Finance & Regulatory, Chief Legal Officer (and Monitoring Officer), Service Director HR & Communications, Clerk to the Council, and Communications team have been consulted on this report and any comments received have been incorporated.

#### **Approved by**

**Jill Stacey, Chief Officer Audit & Risk**

#### **Author(s)**

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#### **Background Papers:**

#### **Previous Minute Reference:**

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