OFFICIAL REPORT
AITHISG OIFIGEIL

Local Government and Communities Committee

Wednesday 8 May 2019

The Scottish Parliament
Pàrlamaid na h-Alba

Wednesday 8 May 2019

CONTENTS

LOCAL GOVERNMENT AND COMMUNITIES COMMITTEE
13th Meeting 2019, Session 5

CONVENER

*James Dornan (Glasgow Cathcart) (SNP)

DEPUTY CONVENER

*Alex Rowley (Mid Scotland and Fife) (Lab)

COMMITTEE MEMBERS

*Annabelle Ewing (Cowdenbeath) (SNP)
*Kenneth Gibson (Cunninghame North) (SNP)
*Graham Simpson (Central Scotland) (Con)
*Alexander Stewart (Mid Scotland and Fife) (Con)
*Andy Wightman (Lothian) (Green)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Ashleigh Madjitey (Audit Scotland)
Fraser McKinlay (Accounts Commission)
Graham Sharp (Accounts Commission)
Claire Sweeney (Audit Scotland)

CLERK TO THE COMMITTEE

Peter McGrath

LOCATION

The James Clerk Maxwell Room (CR4)

Scottish Parliament

Local Government and Communities Committee

Wednesday 8 May 2019

[The Convener opened the meeting at 09:45]

Decision on Taking Business in Private

The Convener (James Dornan): Good morning. I welcome everyone to the 13th meeting in 2019 of the Local Government and Communities Committee. I remind everyone present to turn off their mobile phones.

Agenda item 1 is consideration of whether to take item 3 in private. Do we agree to do so?

Members *indicated agreement.*

"Local government in Scotland: Challenges and performance 2019"

09:45

The Convener: Under item 2, the committee will take evidence from the Accounts Commission on its report entitled "Local government in Scotland: Challenges and performance 2019". Today's session will contribute to the committee's overall scrutiny of the budget for local authorities throughout this financial year. I welcome, from the Accounts Commission, Graham Sharp, who is its chair, and Fraser McKinlay, who is the controller of audit. From Audit Scotland, I welcome Claire Sweeney, who is the audit director, and Ashleigh Madjitey, who is a senior auditor.

I invite Graham Sharp to make a short opening statement.

Graham Sharp (Accounts Commission): Thank you. The Accounts Commission welcomes the opportunity to discuss with the committee its report, "Local government in Scotland: Challenges and performance 2019", which is the commission's annual commentary on key issues in the local government sector.

Councils face an increasingly complex, changing and uncertain environment, which places different demands and expectations on them. They are also central to delivering many high-level public sector objectives, such as the integration of health and social care, and community empowerment. The changes will require councils to collaborate with a range of partners and with communities in order to think differently about how they deliver and fund services. That is important if councils are to meet the growing demand and changing needs of their communities.

Councils need to ensure that they have the leadership, staff capacity and skills to deliver change. That will require effective workforce planning. We find the quality of planning to be inconsistent, and national workforce data are insufficient to understand how individual services have been affected by workforce changes, recruitment difficulties and an ageing workforce.

Scottish Government funding has remained relatively stable over 2018-19 and 2019-20. However, funding has reduced in real terms by 6 per cent since 2013-14. National policy initiatives continue to make up an increasing proportion of council budgets, which reduces the flexibility that councils have to decide how they plan to use funding. At the same time, the demand for council services is increasing, given the changing population profile.

Councils have made good progress in developing medium-term financial planning, and they continue to manage their funding gaps through savings and the use of reserves. All councils increased council tax in 2018-19, including 12 by the maximum of 4.8 per cent, and many also increased their fees and charges. Some councils are looking at other options to raise income.

Despite reducing funding and increasing demands, most performance indicators across local government are improving or have been maintained, although some service areas show more strain and satisfaction levels have fallen. Councils should make better use of data and benchmarking to understand the performance variation between councils and to make further improvements or efficiencies.

We make recommendations in the report that are directed at both senior managers and councillors, whose role continues to become more complex and demanding. We highlight that, to improve outcomes for their communities, councils need to be open to transformational change and to implement new ways of working.

There is substantial change in the environment within which councils operate. The commission continually considers how its work reflects that changing environment, and the annual overview report is intended to be a helpful summary of evidence from the wide range of local government audit work that is carried out. It cannot realistically cover everything, and it is not a comprehensive review. However, it highlights the key challenges that councils face and looks at some of the main ways in which councils are responding to increasing demand and reduced funding.

We are always prepared to discuss our reports with the committee in order to help it in its work. My colleagues and I are happy to answer questions.

The Convener: Thank you very much.

Graham Simpson (Central Scotland) (Con): Mr Sharp mentioned the 6 per cent real-terms cut in council funding since 2013-14. There are different ways to come up with figures. What approach did the commission take to come up with that figure?

Graham Sharp: Do you want the detail of the calculation?

Graham Simpson: Yes.

Graham Sharp: Ashleigh Madjitey will answer that.

Ashleigh Madjitey (Audit Scotland): That is total revenue funding, which is the general resource grant, the specific revenue grants and non-domestic rates income. Those are all set out in the circulars. We compared the figures in the 2019-20 circular with those in the 2013-14 circular, and that figure is the difference between them.

Graham Simpson: On a number of occasions, the committee has heard people argue for different figures. Does everyone accept that the 6 per cent figure is accurate?

Graham Sharp: There is no dispute that it is accurate. There are different views on the factors that should be included and excluded. One area where there has been difference in the past is the amount of money that goes to integration joint boards through the national health service. In the year on which we are reporting, that amount is £357 million. Our approach has always been that, since that comes through the NHS to IJBs, it is not included in the figures for local government. Indeed, since that money is included in the NHS figures, if we included it in local government, the same number would be counted twice. It goes in one place, and that is in the NHS figures.

Graham Simpson: Right. Are you saying that the IJB money is not included?

Graham Sharp: The £357 million is not included; the local government element that is attributed to the IJBs is.

Graham Simpson: The 6 per cent cut is since 2013-14. What did you notice in the past year? Has the trend continued, or did it stop?

Graham Sharp: I refer the committee to exhibit 2 in the report, which shows the pattern. The past two years have been, in effect, flat, with a 0.4 per cent increase over the two years. It is slightly complicated because of a change in accounting practice between our previous visit to the committee and today. That drops out when we look at the two years together—0.4 per cent over the two years is flat. It is 0.6 per cent over the past six years, but relatively flat over the past two.

Graham Simpson: Do you mean 6 per cent, not 0.6 per cent?

Graham Sharp: Sorry—6 per cent.

Graham Simpson: Are you saying that we have had a reduction since 2013, but in the past two years it has flattened out?

Graham Sharp: It is 0.4 per cent positive over the past two years together.

Graham Simpson: That is very useful, thank you.

Compared with 2017-18, the total funding gap across all councils in 2018-19 reduced by £0.1 billion to £0.3 billion. What implications do you see for council services?

Graham Sharp: Funding has been relatively flat. We reported in the financial overview, which we discussed with the committee in December, that with councils taking other action and increasing council tax and fees and charges, the money going to councils had been stable over the period.

The Convener: I have a question on that point. You talk about the figures being accurate, and I am sure that they are accurate in terms of what you are looking at. They are not accurate, however, in terms of what local authorities are getting.

Graham Sharp: We are looking at a specific element of what they get, which is their main source of income—I think that it is about 55 per cent—from Government. It does not include fees and charges or council tax, and we make that clear.

The Convener: Yes, but even the IJB money is not included, which is a sum that goes to the local authorities.

Graham Sharp: The £357 million is not, because that is included in the NHS money.

The Convener: Is part of the problem that there is sometimes a lack of clarity about the amount of money that gets paid in to local authorities?

Graham Sharp: Sometimes, different groups for different purposes use different definitions, which can lead to a lack of clarity.

The Convener: Obviously, the headline figure is the 6 per cent cut, when the reality might be that there is only a 6 per cent cut if we use this method of calculation. I am not having a go at you; you are working with what you have been asked to work with. I am trying to highlight that other moneys may be coming in that are not being taken into account.

Graham Sharp: Other moneys go into the IJBs through the NHS, but it then becomes more of a policy question about how we view IJBs. Do we view their money as local authority money and NHS money, or do we view it as IJB money?

The Convener: Thank you for clarifying that.

Annabelle Ewing (Cowdenbeath) (SNP): I will pick up on that line of questioning. The money goes to core council services, so it has always been a bit odd that that money is not seen as money that local government has to spend—it is, because it is for its core services.

As you say, obviously one would not want to double count money, but perhaps there might be some reflection on how you badge that money, because it is clearly going to local authorities. If the money is going to core local services but it is not actually counted as such, it creates a bit of a

misleading environment for the general public—not around your role, but generally.

Graham Sharp: I assume that you are talking about the £375 million of IJB money.

Annabelle Ewing: Yes.

Graham Sharp: As I say, that comes through the NHS and it is accounted for in the NHS, so it is difficult to classify it as anything other than NHS money without double counting it. It comes down to how we view the IJBs. In practice, over the past year or two, much of the money has been used to supplement social services, but I do not know whether that will happen in the future.

Fraser McKinlay (Accounts Commission): We go into a lot more detail on the topic in the financial overview report that we publish every year. In that report, we set out, as the Scottish Parliament information centre and others have done, all the different categories of money, so they are at least visible.

We have had lots of conversations over the years about the transparency and clarity of local government finances. You would think that it would be reasonably easy to answer the question whether they have gone up or down, but it is not, as it depends on how you define them. Therefore, we try to break out all the individual bits.

In relation to the integration money, Ms Ewing raised an interesting question about the extent to which it is for local government services, because in theory that money is supposed to lose its identity once it goes into the integration arena. Some of the money may have been spent on occupational health therapists or other primary care services, and not necessarily on traditional social care services. Therefore, I do not think that we can say that all that money is going into local government services. The whole idea is that it loses its identity once it is in the integration space.

Feedback from the committee is always helpful, and there is no doubt that we will continue to try to make the position as clear as we possibly can, recognising that there is only so much that we can do and that different stakeholders in this arena will want to present the money in different ways. That is something that we are all just going to have to live with, to some extent.

We will continue to work at it. The important thing is that we identify the different elements of the money as best we can.

Alex Rowley (Mid Scotland and Fife) (Lab): I will pick up on the question about IJBs. Is there not a concern around the transparency of IJB funding? My understanding is that 72 per cent of the funding comes from health and 28 per cent comes from local government. There is therefore a question about the make-up of the money and

who puts in how much. Councillors often tell me that they feel that they do not know what money goes into the IJB and that transparency is a difficult issue.

In a parliamentary answer, the health secretary stated that health boards tell her that local authorities are not putting in the resources that they need to put in, which hardly makes for the transparent approach that we want for our primary care and social care services. Is there an issue there? Are you satisfied that the whole thing is transparent?

Graham Sharp: IJBs are a major area of interest for us. We published a report on IJBs at the end of last year—it was the second report in a series of three—which had important messages, particularly about leadership and finance. I ask Claire Sweeney to expand on that.

10:00

Claire Sweeney: We published a report on health and social care integration in November 2018. In that report, we said that it is not easy to set out the overall financial position of integration authorities, for several reasons. In part, that is due to additional money that has been coming in later from the parties that are involved in integration, and the use of that additional money and reserves to get to final year-end positions. We found it difficult to be clear about the money that is going into integration authorities, and we make the point in the report that it is difficult for the public and those who work in the integration environment to understand the underlying financial position and then to use that information to make the decisions that need to be made to get towards a more integrated health and social care system.

Alex Rowley: Do you have any plans to follow up on that? When those who are supposed to ensure the financial probity and accountability of those services say that they are unable to do so, surely there comes a point when the Government has to look again.

Claire Sweeney: Our work has three main areas. First, we publish reports on health and social care integration. We knew that the policy initiative was too big and too long-term to try to cover in one report, so we are looking at it in three major national reports. One was published just after the integration legislation was passed; the second looks at the "Where are we now?" question; and, much further into our five-year programme, we plan to do another piece of work in which we will start to look much more deeply at what difference any of this has made for the public in Scotland.

The second way in which we are tackling those issues is through the annual audit process. We

have accountants in all the IJBs and the partner bodies—the NHS boards and the local authorities—who work regularly with officials in those bodies to make sure that the information is as clear and transparent as possible.

Thirdly, perhaps slightly less visible is our engagement with senior finance leaders across all the bodies that are involved. We will do a presentation next week to those senior finance officers about our concerns on issues such as transparency, to help to move the agenda forward. It is a big issue for us.

Alex Rowley: Thank you; that is helpful.

You mentioned that local authorities have fees and charges and are starting to look at other ways of raising income. Could you say a bit more about that? Do you look at the impact of fees and charges, including their impact on overall strategic plans?

An example that springs to mind is that a number of authorities have started to charge for green bins, but collecting them is part of a wider strategy to reduce landfill and ensure that more recycling is done, which is part of addressing the wider climate emergency. Would the commission look at the impact of such things as the introduction of charges, which might lead to more fly-tipping and which therefore might end up costing a council more? Another area is funeral charges and funeral poverty. Are you seeing a lot more of those charges, and do you look at whether councils do impact assessments of them?

Graham Sharp: I will ask Fraser McKinlay to come in on what we do when we look at individual councils. More generally, we make the point that charges have to be consistent with councils' overall priorities and that councils must take account of all the effects of charging. You mentioned funeral charges, which were quoted as an example in the report that we are discussing and in the financial review. Such charges have picked up a deal of attention.

In December, I said that, as councils look at ways to raise income, they will review their fees and charges, but it is a very uneven charging situation. One would expect councils to be looking to see what their peers charge for and at what levels, and for that to even out over time. Funeral charging is a market that clearly has problems. In the private sector, costs have been increasing at a very high rate year on year—the Competition and Markets Authority has launched a market investigation into that. In that context, it may be that council charges are quite low. That does not mean that increasing those charges is necessarily a good thing, but the fact that the market is being investigated is a marker.

Fraser McKinlay: The commission produced a report on the topic a few years ago—it was part of the "How councils work" series that we produce—and it specifically set out our expectations of councils when they set fees and charges. It says exactly what Mr Rowley has just said: we expect councils to understand the impact of their fees regime and for that to be part of a strategy. It is fair to say that that sort of approach is still very patchy.

As Mr Sharp said, and as we reported in the financial overview, there is a pattern of increasing fees and charges and it is sometimes difficult to see how they form part of a strategy. We often hear councils saying that their charges are lower than the national average and so they have decided to raise them to the national average. However, they do not necessarily have a full understanding of what the wider impact of that might be.

It is fair to say that we do not have the resources to audit every instance of that across the country—that would be a huge task. However, we can remind councils of our expectation that they will do the things that Mr Rowley has just described, and we do that in our reports and other bits of work.

It is also fair to say that the debate is moving into what people might call commercialisation, which is about councils not just raising fees and charges for services, but becoming more commercial in their operations as they think about how they raise income. We have seen some fairly hair-raising examples of that south of the border, where very small district councils have borrowed large sums of money to buy shopping centres miles away from their own areas. Thankfully, we have not seen any of that in Scotland and we are unlikely to do so. However, we will be keeping a close eye on that trend.

Alex Rowley: Talking about trends, we keep hearing about future demographic changes, and those projections suggest that the pressure on IJBs and local authority services is just going to increase. You touch on a whole range of areas, including workforce planning, but what will the general impact be? If we are to meet the demographic challenges, will there need to be a substantial increase in finance for public services?

Graham Sharp: The position that we have set out is that there is undoubtedly a squeeze between pressure on finances and increasing demand, in which demographic change is a major factor. The direction of travel suggests that that squeeze will continue and that pressure on councils will increase. That is why we make the point strongly that transformational change is required to meet the pressure. That means more working with partners and looking at different ways of doing things in order to cope with that increased pressure.

From what we see across the board, councils have maintained services well in the circumstances by making a lot of efficiency savings. There are examples of good transformational change, but more needs to be done. Councils that have not been performing so well need to up their game to match the performance of those that are the leaders. It is clear that councils cannot keep doing that forever and that the present situation will end at some point. However, at the moment, we believe that it can continue.

The caveat is that we are talking about local government as a whole. Individual councils have their own circumstances. Some councils are better placed than the average position and others are more challenged than the average position.

Alex Rowley: What does transformational change mean to a council home carer or refuse collector? Do councils not reach a point where they have to be honest and say that they simply cannot continue to deliver such a wide range of services and will have to prioritise? Do they not need to have an honest discussion with the public and say that they need further funds to pay for the increasing demands?

Graham Sharp: If funding continues to be under pressure and demand continues to increase year on year, that will happen. However, at the moment, over the piece, we think that there is room for further transformational change. By that, I mean that councils should forget about how they have done things historically, look at the outcomes that they are trying to deliver, talk to their communities and staff and think of new ways of doing things more efficiently and more effectively. We can say a bit more about transformational change, if that is helpful.

Alex Rowley: That would be helpful.

Claire Sweeney (Audit Scotland): On the integration agenda in particular, our report from the end of last year showed that the scale of transformation that is envisaged is enormous. Integration authorities are trying to deal with some entrenched issues across health and social care services. We recognise that the transformation will take time, but our report highlights that progress has been patchy. The transformation is about looking again at the available data, which is better than it has been in the past, and starting to think about how services need to be framed much more fully around people who need support and care, rather than being designed around themselves. It is about that sense of putting people at the heart of services.

In some areas of Scotland, we have seen some difficult decisions being made. Better engagement with communities is variable on services that are no longer fit for purpose and on bringing in services that better meet people's needs in a more local place. It is about that sense of people being referred out of hospital more quickly when they are ready to go home and making sure that good social care services, with support from the third sector, are in place to support people in their own homes as quickly as possible.

Over the years, we have seen a real commitment and sign-up to that as the right thing to do. Of course, that is much harder when it starts to really change the way that people work at local level. In the report, we highlight some barriers that have got in the way of that big systemic transformation. Some of those relate to services not being good enough at longer-term financial planning, which is absolutely relevant here, and to the need to look at scenario planning and to be much more future focused than they have been in the past, which absolutely speaks to the point about use of resources, which could be limited in the future, for sure.

Alex Rowley: I looked recently at health and social care in Fife and from what I could see, the number of 15-minute visits has increased massively. Some might say that a visit to an old person might need to take only 15 minutes. The number of social carers providing care through agencies has increased, so that is cheaper—the terms and conditions are much poorer. Is transformation about more than just the workforce losing out, which ends up in difficulties with recruiting and a lower-skilled workforce?

Claire Sweeney: Absolutely. Our interest in this is absolutely about how money is used to achieve the right outcomes for people. We say in the report that we want to see a much clearer connection between how money is being used and what it delivers—what the outcomes are for people.

We have reported on some of the issues around social care services over a number of years. We have plans to do more work in that area and we will look at social care sustainability in the future. We have talked at length in previous reports about some of the issues that you have just set out. It is not absolutely about the price in contracts but about delivering the right outcomes for people. It continues to be a big area of interest for us.

10:15

Andy Wightman (Lothian) (Green): To give the witnesses a heads-up, I will ask three questions: one on financial planning, one on ring fencing, and one on frameworks. The Accounts Commission's report says that, although councils have generally made good progress with medium-term financial planning, less than half have significant long-term plans. It also says:

"Of those councils with longer-term plans, only five consider the impact of population and demand change on their services."

Obviously, the longer into the future councils plan for, the more uncertain the environment is, and the more difficult planning becomes. However, the Accounts Commission thinks that it is important that long-term financial planning be undertaken. Can you say a bit more about what that looks like? I understand what medium-term financial planning looks like—because it involves looking into a future that is broadly predictable—but what does long-term planning involve? Can you provide the committee with examples that represent good practice in that area?

Graham Sharp: I will ask Fraser McKinlay to deal with the specifics of that question, but I will give a little bit of context.

Not many years ago, in much of the public sector, planning tended to be undertaken on a one-year basis. We have pushed for medium-term financial planning over the past several years, and I think that we have achieved it. Nearly all councils now do that.

We are now pressing for long-term planning, because councils need to think about the long-term squeeze of financial pressure and increasing demand, particularly through demographics. They need to think about the shape of their workforce and the way that they do things. That requires long-term planning and consideration of how specific changes will affect them, rather than thinking only about what will happen if their income is increased or decreased by 5 per cent, although that is scenario planning of a sort.

Fraser McKinlay: To build on that, when we talk about long-term planning in this context, we have a period of five to 10 years in mind. I absolutely agree with Mr Wightman that long-term planning is not easy; it definitely becomes more of an art than a science. Nonetheless, we think that it is important. In a sense, because of the uncertainty and complexity, we would argue that it is even more—as opposed to less—important that councils, or indeed any large organisations, have a sense of where they are headed and recognise that that sense must be updated.

As Graham Sharp mentioned, a lot of councils can now do the input side of measuring cuts to their budget of—for example—0 per cent, 2 per cent or 5 per cent. However, less clear to us is the extent to which councils factor the demand side into those plans through asking questions such as what will happen to demographics in their area and what will that mean for services.

It is important that councils have some sense of what changes they and their partners are making in relation to service delivery and transformation, and how that will change demand. We sometimes find that councils and public bodies are accepting of the demographics and demand as a given. However, they are part of the context, and part of the job of councils and public bodies has to be about influencing, shaping and reducing that demand. As Graham Sharp said, in the context of having made good progress over the past few years in medium-term planning, we now want to push that kind of sophistication.

I am happy to write to the committee with specific examples. We have picked some up through our best-value assurance reporting, and I will follow up on that with the committee.

Andy Wightman: That would be helpful.

I will move on to ring fencing, which the report talks about in exhibit 3 and across pages 16 and 17, including the increase of ring-fenced money from 6.6 per cent to 12.1 per cent. The committee picked on that issue in our budget scrutiny and asked the Scottish Government and the Convention of Scottish Local Authorities for greater clarity on their views. The Scottish Government told us that it was up to councils to determine how to achieve policy initiatives. However, COSLA came forward with a figure of 60 per cent for what it termed "protection". You have probably seen the letter from COSLA in which it talks about "hidden ring-fencing."

We raised that issue because we would like more transparency in next year's budget about the question of flexibility—never mind where money comes from and how much money goes in—because that will become important in relation to medium and long-term financial planning. Even if councils get more money to do the things that they want to do, there will be an impact if their flexibility is restrained. The committee, therefore, thinks that it is important to get a good handle on this.

Is the difference between your figure of 12 per cent and COSLA's figure of 60 per cent relatively easily explicable? Is it legitimate to talk about hidden ring fencing, or is there other language that we can use?

Graham Sharp: I will ask Ashleigh Madjitey to come in with some of the detail on that.

In general, we have taken a slightly different approach from that of COSLA. Clearly, when we are looking at discretionary spend in a year, we want to know what change there has been. Our approach, which we have set out in the report, has been to take out the element that is external to councils, as it were, by which I mean the element that is either specifically ring fenced by Government or indirectly ring fenced, in that the

councils have to do certain things or they do not get the money.

I think that COSLA's approach has been to take out the fixed costs and see what is left, that is, what is flexible in-year. For example, COSLA would take out loan servicing, as a fixed cost, whereas we would say that that is ultimately a council decision—yes, it is a legacy from a previous decision, but it is still a council decision.

We look at the element that is external to councils, whereas COSLA focuses more on what is actually flexible in-year.

Ashleigh Madjitey: That is just about it. The difference between COSLA's numbers and ours is to do with the loan charges and COSLA taking into account the increasing demand, especially in health and social care. We have discussed and are very aware of that increasing demand, but we do not feel that it fits in the calculations that we set out in our report, which are much more based on what is in the circulars and the Scottish budget.

Andy Wightman: COSLA also mentioned education in its letter; it referred to

"pupil:teacher ratios set nationally".

It regards that as hidden ring fencing, too.

Ashleigh Madjitey: We have just had a meeting with COSLA and we understand the different ways in which we are working. We will carry on having those conversations.

We have taken things that are clearly set out, either in the circulars—in the bits at the front—or in the budget documents that come from other portfolios. Teacher numbers were set out in earlier circulars than the current ones; we have not included the issue, because we do not have clarity on what else might be included—we know about teacher numbers, but there is a long list of things that we maybe do not know about and we therefore do not have the clarity that we would need to include them in our exhibit, which we want to be clear. We cover just the past two years.

Andy Wightman: That is helpful. In the past, the committee has welcomed the work that the Accounts Commission, the Scottish Parliament information centre and the Government have done to share information. If more work on that could be done in the coming year, that would be extremely helpful.

My final questions are about frameworks. On the national performance framework, it took me a little time to get my head around exhibit 6, in part 3 of your report, because some of the percentages in red are positive and some of the ones in green are negative. However, I got my head around it. Basically, green is good and red is bad—or rather,

green shows that performance is improving and red shows that it is not improving.

COSLA said that it is delivering around 60 per cent of the national performance framework outcomes and that it does not have as much control over its ability to do that as it might.

There is also the local government benchmarking framework. Although exhibits 6 and 7 are useful, there is potential for confusion and measuring far too many things. Is there scope for rationalising the two approaches, or would that be inappropriate, in that one framework is explicitly about Scotland's outcomes and the other is very much about local government performance? Do the two approaches need to stay separate?

Graham Sharp: The two approaches fulfil two different purposes, as you suggested.

The LGBF is national, in the sense that it is looking at individual authorities across the nation. The value of that for local authorities is the benchmarking, which enables councils to see where they rank in relation to other councils that are similar to them in a number of respects. A feature of the LGBF structure is that councils are put into family groups, where councils themselves have identified comparability—clearly, there will not be comparability across every service.

In relation to both sets of numbers, it is worth saying that the comparisons that can be drawn from any of the national data sources almost always raise questions rather than provide answers. That is very much the case with the LGBF. We reduced dramatically the number of statutory performance indicators that we require councils to publish, in order to give space for the LGBF information to go in, which we think has been useful. We use the information when we look at a council in the round. It raises questions that we then look at from other perspectives. That purpose is different from that of the national performance framework.

Clearly, there should be coherence between the two approaches, but that does not necessarily mean that we can merge the databases. For example, I do not think that some of the measures in the national performance framework can be broken down to individual local government levels, so the approaches could not be merged in that sense.

Andy Wightman: Paragraph 100 of the report says:

"Many of the NPF indicators are not available at a local level but the Improvement Service has developed a Community Planning Outcomes Profile ... tool".

I confess that I have not had time to look at that. Is work under way to try to break down the national performance outcomes at local level, where

appropriate? I acknowledge that it would not be appropriate to break down some of the data.

Fraser McKinlay: I was hoping to come in on that point. Work is being done, and the community planning outcomes profile tool has been in development for some time. It has been designed to allow community planning partnerships to be able to get data on outcomes in local areas.

There is an interesting debate to be had, given that the national performance framework was launched last year jointly by COSLA and the Scottish Government, so the framework is not owned only by the Government anymore. There is a question for local government—and, subsequently, for us—about whether and how we expect councils to be able to report on their contribution to the national performance framework. All central Government bodies are required to show how they contribute, as part of their reporting and performance management arrangements. We should be able to draw a line from the national outcomes to the contribution of individual agencies.

There is an interesting question about what we expect councils to be able to do, given that their interest is local, not national. That work is in progress, and the Improvement Service, in its work with others, is thinking about that issue. The Accounts Commission will consider that work as part of our development, as we continue to look at how councils report their performance to their communities.

Andy Wightman: Can you put a timescale on the work that is under way to clarify the role of local government?

Fraser McKinlay: I am afraid that the short answer is no.

Andy Wightman: Work is under way, though. That is clearly important.

Fraser McKinlay: Yes.

Graham Sharp: As I am sure the committee knows, councils are obligated to "have regard to" the NPF. That phrase was carefully chosen to recognise the differences in localities. As Fraser McKinlay said, the work has just started, so it will take some time to find out how the system will work and how we can use and monitor it.

Andy Wightman: In this year's budget, the Scottish Government agreed to introduce a fiscal framework for the Government and local authorities. Are you involved, or do you anticipate being involved, in those discussions?

Fraser McKinlay: We have not been involved to date but, as ever, we would be delighted to be involved in an appropriate way. We would be able to bring to the discussion our experience of that

kind of stuff. It is for COSLA and the Government to work out the detail of the framework, but we would be more than happy to engage in the discussions. I will take that point away.

Annabelle Ewing: As I did not manage to ask my supplementary question at the time, I would like to go back to our discussion about the badging of moneys and how moneys appear in the overall budget for local government. I am a relatively new member of the committee, but having looked at previous committee documents, and in the light of its previous discussions, my understanding is that, over the past year, other grant moneys aside from those for IJBs did not make the cut as being badged as local government moneys. Is that correct? Apart from the money for IJBs, is there other grant money that goes to local government but is not included as local government spend?

Graham Sharp: I am not aware of anything.

Ashleigh Madjitey: Not that I am aware of.

Annabelle Ewing: There is no other money at all.

Fraser McKinlay: No. This year's report includes the general resource grant, non-domestic rates and specific revenue grants. In the previous version—I also have last year's report with me—we had a separate line for health and social care funding via the NHS, which the chair said earlier was £357 million. That it is the money in its entirety.

Annabelle Ewing: There have been no other moneys over the past six years.

Fraser McKinlay: We had to change how we measured funding when the police and fire services became national bodies and they came out of the local government accounts. We agreed that change with SPICe and others some time ago. Apart from that, it is a like-for-like measure.

Annabelle Ewing: A reference was made to this budgetary year. I understood the overall position in cash terms to be that the allocation from central Government represented a 2.5 per cent increase. Is that the right figure for 2019-20?

Ashleigh Madjitey: There is a 2.9 per cent increase in cash terms between 2018-19 and 2019-20.

Annabelle Ewing: Every time one reads something there is a slightly different figure. You are saying that there is a 2.9 per cent increase in cash terms in this year's budget to local government vis-à-vis last year's budget.

Ashleigh Madjitey: Exhibit 2 sets that out and breaks it down.

Annabelle Ewing: Right. The figure is 2.9 per cent. That is fine.

Graham Sharp: The in-year comparisons are slightly complicated by the fact that £34.5 million of funding moved, which is why I referred earlier to there being a 0.4 per cent increase over two years. If I just talk about the past two years, I do not need to worry about where that £34.5 million out of the £10 billion total went. However, if the committee wants to talk about specific years, we would have to worry about it.

Annabelle Ewing: If we talk about specific years—which many people do—and make that year-on-year comparison, is the increase in cash terms between last year and this year 2.9 per cent?

Graham Sharp: Yes. When we were before the committee last December, the position was that there was an increase in real-terms funding from 2017-18 to 2018-19, but that was with one treatment of £34.5 million. When that changed, that then became a decrease in real-terms funding, and because 2018-19 funding reduced, there was a lower base for 2018-19 to 2019-20, which increased the amount of the increase over that period. That is exactly why I was trying to deal with the two years together.

Graham Simpson: Did you follow that?

Alexander Stewart (Mid Scotland and Fife) (Con): It was as clear as mud.

The Convener: I think that we can move on to your other line of questioning, Annabelle.

Annabelle Ewing: I think that that clarification maybe left a few people behind. However, the 2.9 per cent increase in cash terms that Ashleigh Madjitey mentioned is a very clear position.

One initiative that is open to local authorities is community empowerment. What are your views on how community empowerment can be used as a helpful tool in relation to asset transfer and other issues? It would be interesting to hear your reflections on that.

Graham Sharp: There is a number of aspects to community empowerment: asset transfer, participatory budgeting and community engagement. One area that is particularly pertinent—we have emphasised this, including in the individual best-value reports on councils—is in relation to transformational change. A fundamental part of transformational change involves talking to communities about how best to deliver outcomes for them. It also involves taking the community not as an object to which you do things or provide services, but as a participant that might be involved in doing things itself. That is one specific area that we highlight in which community empowerment links up with transformational change in a very constructive way.

Claire Sweeney: We see that as a really important area of development. It is complicated to audit—there is no doubt about that. We have set up a community empowerment advisory group, which brings together experts from the sector and scrutiny bodies that are interested in local authorities. Being part of that work has been really interesting. It has made us think deeply about what "good" looks like because, on the face of it, some things might appear to be quite good, but when you get under the skin of it, it is not quite as authentic as it should be.

I will oversimplify that very complicated matter: we are beginning to understand that councils that do it well have it in their bones—rather than having special teams that tick the box for community empowerment, it is part of what everyone does and they see it as integral to how they run their business. In such councils, engaging well with communities and looking for opportunities to work collaboratively with them is just part of what they do.

It is early days for local authorities, but we see signs of interesting progress. It is also a learning exercise for us. We will reflect on and think about what it means for our future audit work. It is a big area of change on which we need to keep an eye.

Annabelle Ewing: It provides an opportunity, and I think that is quite an exciting area of activity for local authorities.

You made the important point—I will paraphrase it, I hope not incorrectly—that the local authorities that are doing best are the ones that take a whole-council approach, rather than treating community empowerment as a little silo. Is COSLA aware of that? Is it looking at ways in which to share best practice? Community empowerment is in its infancy, and it is important that councils that are doing it well share their approaches, with the hope that we will see such things being rolled out across Scotland.

Claire Sweeney: Yes. We are speaking to COSLA about the issue. It is right that although we cannot have a one-size-fits-all approach, given that people are starting from different places, much can be learned, particularly from areas that are a little bit further ahead. A key thing that we look for is the extent to which relationships are well established. To go back to health and social care integration, we saw much better engagement with communities where that approach had been on the agenda for a long time. We know that some areas are new to the approach, so they have a little bit more work to do. There is an agenda on sharing what works, and we see a real appetite for that.

Annabelle Ewing: Good. That is encouraging. Finally, what about issues to do with the gender pay gap? We know for example that some equal pay claims are outstanding. How are councils addressing that?

Fraser McKinlay: We spoke about that when we were last before the committee—particularly, in relation to equal pay and the pension element. We are in the process of producing our impact report—it follows up the equal pay report that we published last year—which will allow us to see how progress is being made. The gender pay gap was not the focus of our previous piece of work, but we need to turn our attention to it.

Glasgow City Council's equal pay situation has been resolved up to a point, but it still needs to pay out to the women who were affected. We will report on progress as part of this year's local audit of the council. That report will come to me in September.

In most other places, equal pay is reasonably settled. However, as members will know, equal pay is strongly affected by case law—all it takes is for another case to be settled elsewhere to kick start a whole series of claims. We will continue to keep an eye on that. Once our impact report is available, we will be delighted to share it with the committee.

Annabelle Ewing: You mentioned Glasgow City Council. Obviously payments have still to be made, but the fact that a deal has been reached is a very encouraging development for all the women in the city who have been affected. Do any councils have outstanding claims on which they have not reached a deal with the workers?

Fraser McKinlay: I will come back to the committee to confirm my answer, but I think that all councils have now settled their equal pay deals with their workforces. There may be some individual claims, because those can happen at any point. I will double check and confirm the position.

Annabelle Ewing: Does that mean that we can say with some confidence that the gender pay gap will not be an issue for females in local authorities in the future?

Fraser McKinlay: One would be a braver person than I am to say that it will not be an issue. That is unlikely.

Annabelle Ewing: It is 2019. One hopes that, eventually, women might get the same pay.

Fraser McKinlay: Yes. At least we have taken a step in the right direction and we are getting increasing clarity and transparency on what the gender pay gap is, which can be only a good thing. However, we still have a long way to go, so it is important that councils and other bodies are reporting on it and taking steps to ensure that there is equal pay.

Graham Sharp: As Fraser McKinlay mentioned, the structure of the framework is such that, even though a deal has been agreed and everything has been signed off, it is not impossible for the process to be opened up again, unless and until the time for making an appeal has expired. If case law changes and someone takes up the point, it is possible for the process to be opened up again, even though a deal has been agreed.

Annabelle Ewing: I understand that that is the case from a legal perspective, but one would hope that we are moving towards an end game on gender pay and that everyone will be paid the same for the same work.

The Convener: Thank you for that cheery comment.

Graham Simpson: I want to follow up on community empowerment, which Annabelle Ewing asked about. Claire Sweeney said that some councils are doing it better than others and that some have been doing it for a long time. Who is leading the way?

Claire Sweeney: The "Local government in Scotland: Challenges and performance 2019" report includes some cases studies with examples of more progressive practice, but the picture is variable. The case study on page 28 sets out the progress that East Ayrshire Council has made through its "vibrant communities" approach. The situation is changing quickly, so we expect other councils to start to catch up on such initiatives.

Graham Sharp: When it comes to sharing good practice, councils look at other councils' best-value reports. I know from speaking to councils that, when we issued East Ayrshire Council's best-value report and said that it was doing well on community empowerment, many councils looked at the report to see what it was doing. East Ayrshire Council's model will not fit everyone, but councils look at what other people are doing and take notice of it.

Alexander Stewart: We have already touched on the workforce planning difficulties that councils face. Having the right staff with the right skills in the right place and with the right leadership is vital in ensuring that progress continues and that councils maintain their existing services.

You have mentioned the fact that the workforce is ageing and the recruitment and retention issues that exist. How are councils managing to square that circle, to ensure that they have the personnel who have the right skills to take the organisation forward over the next three, five or 10 years when they have so many critical budget demands and financial constraints to manage?

Graham Sharp: We make two points about that in the report. First, across the piece, workforce planning is inconsistent. In the report—we also make this point in individual best-value reports on councils—we emphasise the importance of having integrated, organisation-wide workforce plans. Some very well-run councils have workforce plans, but they are service workforce plans. In order to undertake transformation and look to the future, it is necessary to consider the workforce across the piece. We have highlighted some councils where there has been good practice in that regard. A couple of months ago, we mentioned in South Lanarkshire Council's best-value report that that council has organisation-wide workforce planning at the heart of what it does, and we mentioned in Glasgow City Council's best-value report that retraining is part of its workforce planning so that people can move from one area to another.

Workforce planning is one of the big issues. We talk about financial pressure and transformational change, but workforce planning sits alongside those as being absolutely key.

The second workforce issue to which we refer in the "Local government in Scotland: Challenges and performance 2019" is that there is no national database of sub-skill sets to identify areas where there is a dearth of skills across the board. Such a database would be a useful thing to have in a number of situations. I do not know whether Fraser McKinlay has anything to add.

Fraser McKinlay: All that I add is that some of the issues can be very place specific. In Highland recently, it was not just the council that was looking for a new chief executive and other senior managers; the health board was, too.

There is something about our capacity to recruit to big and important senior jobs in places in the Highlands, such as Inverness, at the same time. That is a challenge in some parts of Scotland. As well as the national picture that Graham Sharp has described, there are hotspots that are difficult to manage.

10:45

Alexander Stewart: You have identified one of the big concerns, which is ensuring that you have the calibre of individual who can take on those roles and responsibilities. In the report, you also touch on sickness absence across some councils and the impact that that is having on the non-teaching side. There have been variations, with some councils doing extremely well and others struggling to manage sickness absence. That has an impact on the quality, support and mechanisms that go in to ensuring not only that you have the right people doing the right job but that they are at work to be able to do those jobs effectively.

That seems to be a growing issue that councils have to manage on a month-to-month basis much

more than they had to in the past. How is that being resourced and supported to ensure that councils can get the workforce that they need in the locations to do the jobs?

Graham Sharp: In the report, we have made a point that scrutiny bodies and regulators frequently make that it is useful to refer to the average or the upper quartile and say, "If everyone could achieve that, look at the impact it would have." That is a useful tool, because it avoids the issue of an organisation saying, "Well, we are not comparable with that different type of business." Our approach suggests that organisations should be looking to do as well as other organisations in their area. It is a blunt instrument, but it is useful in terms of encouragement and pointing out issues.

Fraser McKinlay might have more to add.

Fraser McKinlay: The evidence that the committee heard from Clackmannanshire Council and East Ayrshire Council was interesting. One of the points that the chief executive of Clackmannanshire made was that the health of communities in Clackmannanshire is the same as the health of the people that work for the council, because they are the same people. That will be the case in lots of places in Scotland. That is why taking a wider view of health inequalities and prioritising that with partners in the NHS, the third sector and elsewhere can be important. There are things that councils can do as employer organisations, and should be expected to do as good employers. In some places, there is a wider picture that they also need to work on.

Alexander Stewart: We have touched on transformational change in culture and effectiveness within communities. What supports are available to councils to develop that transformational change, to ensure that they can address cultural change and the needs of their community?

Fraser McKinlay: The Improvement Service is currently doing specific work on transformation and is developing a toolkit or approach, learning the lessons from transformation programmes across councils and pulling those together in a handy guide. The Improvement Service has also been proactive in working with individual councils to get people in to those councils to work on transformation. Clackmannanshire Council is an example—the Improvement Service helped it to recruit a change manager, brought in specifically to help the change process. I know that other councils have done that too.

That is an area where we can help through the best-value audit reports, which, as Graham Sharp has said, are well and widely read. It is an area on which we will continue to work with the

Improvement Service and others to see what more we can do to share good practice when we find it.

Graham Sharp: Clearly, it is a greater challenge for smaller councils, which might need to look outside for help. Larger councils might be able to put together a team of a few people to deal with it.

Kenneth Gibson (Cunninghame North) (SNP): This is a fascinating report, as always. In paragraph 64, you say:

"Councils in England have experienced very significant reductions in funding (funding to local government has fallen by 49 per cent between 2010/11 and 2017/18) and have used several commercial approaches to support their finances in response."

You said earlier that CIPFA is concerned by the level of borrowing by councils that have gone down that road. You talked about shopping malls. My council narrowly voted—by 17 votes to 16—against spending £72 million to buy a 47-year-old shopping centre. I am delighted that that did not go through. What should local authorities consider when trying to develop commercial services? There must be some positive aspects to what is happening in that respect down south.

Graham Sharp: The first point to make is that it is a decision for the councils to make, so they have to assess the risks and advantages. Councils are set up in a completely different way from commercial businesses. If councils are venturing into a commercial market, competing with businesses, they need to have a very good reason and basis for doing so. They need to be able to say what their sustainable competitive advantage would be. There is no point in saying, "Fashion is hot. Let's go into fashion as a business." You either need to be exploiting existing skills or services that you can provide and which can be used or redeployed in a commercial way or you need to identify assets that have a commercial use, rather than just going into commercial activity for its own sake on the basis that it is a good thing. Then it comes down to councils asking why they are doing it and what are the risks. That is a decision for the councils, and they should go through a careful process of assessment.

Fraser McKinlay: There is a fair bit of evidence out there. The Association for Public Service Excellence, which is a UK organisation, does a lot of work in this area. I know that it is in regular contact with the Society of Local Authority Chief Executives and Senior Managers in Scotland to share the experience from down south. Although examples such as the shopping mall one that we have just heard are extreme, a lot of stuff is happening. In a funny way, the significant funding reductions that have been experienced in England have resulted in a bit more innovation and some slightly more radical thinking about ways to

generate more income that are well short of those really risky endeavours. Councils in Scotland often look south of the border to see how that might work up here.

Kenneth Gibson: Necessity is the mother of invention. If anyone wants any advice on fashion, I am sure that Alexander Stewart would be willing to provide it, given that that was his career.

I refer to exhibit 10. I found it quite heartening that Scottish educational attainment improved by 16 per cent between 2011-12 and 2017-18, but it is concerning that the gap in improvement between local authorities appears to be huge. The improvement is 1 per cent in Dundee, but 34 per cent in Falkirk. In paragraph 110 you state:

"The reasons behind why Glasgow and Falkirk have seen big improvements in attainment and Dundee has not, cannot be explained simply by the amount spent on education nor levels of deprivation".

You expand on that point in paragraphs 111 and 112, in which you state:

"Education Scotland rated Renfrewshire Council excellent."

You have talked about the need to share best-value practice, such as the Glasgow improvement challenge and Falkirk Council's good performance management, which was highlighted as far back as 2015. Are councils such as Dundee City Council and others that are not performing as well as they should, despite the relative level of resources for their local authorities, starting to change and pick up best methods of working from Glasgow, Falkirk or other areas? How do you envisage improvements taking place in this really important area?

Fraser McKinlay: The short answer is yes, they are starting to change. We mention in the report that, in Dundee, there is the attainment-challenge process, which Education Scotland found was beginning to make inroads. I know that the chief executive in Dundee is hugely committed to the local government benchmarking framework as a tool to ask questions. It does not provide the answers as to why things are the way they are, but it helps with regard to asking questions. The chief executive is keen to learn lessons from other places and there is lots of evidence of him doing that.

In a sense, that is what we are trying to demonstrate in that section of the report. It is not for us to provide the answer as to why it is, but to highlight the fact that at least of the couple of the areas that you might think would inform the results—money and deprivation—do not appear to, so there must be something else going on there.

It is absolutely down to the councils to get under the skin of that and understand what has worked in Falkirk or Glasgow and how that might work for them, while recognising that all local authority areas have different contexts and needs. We see a lot of that activity happening; for example, the pupil equity fund has been helpful because, as well as the money being spent on individual places, Education Scotland is providing a series of resources for councils to identify what has worked in some places. That is building up a good database of what works across the country.

Next year, we will produce a report on educational outcomes on behalf of the Accounts Commission and the Auditor General, in which we will get into all that and, more generally, the education reform agenda. That is scheduled for May or June next year. It is an area of importance for us. The education element of this report is a taster, and we will do the full education report next year.

Kenneth Gibson: I look forward to that.

Graham Sharp: I will add one thing about the statistics. You mentioned the range. If we look at exhibit 10, there is a wide range, but it is a skewed distribution. If we look at all 32 councils, there are one or two councils that are significantly different from the others. When we look at a range of statistics, that spreads it out quite a bit.

Kenneth Gibson: Yes, but I hope that your report will explain that in further detail. In paragraph 51, the report talks about the e-Sgoil programme in Eilean Siar, which

"uses technology to allow pupils to access teachers, classes or resources from any school within the council or elsewhere in Scotland."

Do you envisage that the use of digital approaches will drive significant improvements?

Graham Sharp: Digital is a major area that all councils are interested in. They are all working together and sharing practice. At the SOLACE conference that we attended last year, there was a section on digital, in which a couple of councils presented to the others. It is clearly one of the main areas that councils see as having the potential to transform services.

Fraser McKinlay can talk about the digital office.

Fraser McKinlay: The digital office for local government, which has been up and running for a couple of years, has been a really good recent development. In its own right, it is a relatively small organisation but it is designed to provide networks and connections. Virtually all councils have now signed up to that.

On page 23, paragraph 52, the report goes on to say that councils need to be aware of

challenges such as digital exclusion, in particular, which means recognising that not everyone is able to or wants to engage with their local council through digital means.

Of the examples that we produced in paragraph 51, the allocation of school-clothing grants in Glasgow is a great example of the fact that sometimes, the use of digital is not about new technology or putting in new information technology systems, it is about considering how we can better use the data that we already have.

One of the challenges for councils and many public sector organisations is having the right skills in-house to do the data analysis that allows them to make the most of all the data that they have. Councils are data-rich organisations; they know a lot about their communities. The trick is being able to organise and use that data in a way that can be more helpful for services. As well as the information technology side, a big part of the digital office's job is to look at data and how we can better use it.

Kenneth Gibson: One area of disappointment in the report was paragraph 67, which says that

"shared services are one potential approach to partnership working. Through our audit work, we have seen only a limited number of examples of councils sharing services."

The report gives three examples. There must be a lot of areas, such as council tax collection, payroll and even road repairs, in which councils can co-operate across their boundaries to deliver their services more efficiently and effectively. Can you talk about that?

Graham Sharp: Our approach to that is to emphasise the partnership element. Councils work in partnership with a range of bodies, including other councils, but also other public bodies, the third sector, communities and the private sector. We do not have a particular push on working specifically with other councils. Different priorities or different administrative structures might make partnership with another body easier. Working with other councils is one of the elements of partnership that we look at but we do not assess partnership working purely on that. We look at how councils are working across the piece.

11:00

Fraser McKinlay: I note that I am in danger of plugging the work of the Improvement Service a lot this morning, but it happens to be doing a specific piece of work on shared services. The Improvement Service has just embarked on that work and I think that it hopes to have something done this year that looks at examples of shared services, what some of the barriers are and how shared services can be made to work more

successfully. I hope that that will be a helpful tool for councils.

It is important to recognise when something is right for shared services. We have seen too many examples of an awful lot of time and energy being spent trying to get a shared service up and running that, for various reasons, does not then happen. If there was better assessment up front, councils might have more confidence that the process that they embark on will work.

Kenneth Gibson: Thank you. I have been dotting around a wee bit, convener, because there are so many different things to cover. I thank you for your indulgence.

I will not talk about what is said regarding European Union workers in paragraph 86 but will finish with paragraph 121, which is about homelessness. We undertook a major inquiry into homelessness over a period of nine months and made a lot of recommendations, which the Scottish Government picked up. Paragraph 121 states:

"The Scottish Housing Regulator reported in March 2018 that Glasgow City Council had failed to offer temporary or emergency accommodation to 40 per cent of the 5,377 applications it had for assistance in 2016/17. It had also provided settled accommodation to just over half of the households it had a duty to provide to."

I am glad to say that there has been a change in the political administration in Glasgow since then, but what action can be taken when local authorities do not fulfil statutory requirements in such important areas?

Graham Sharp: That particular area falls within the scope of the Scottish Housing Regulator, so the SHR would follow that up. We are going to carry out some work on housing on which we will report next year, and the issue of homelessness was one of the principal contenders to be considered in that work. In the end, though, we have gone for the issue of affordable housing because a lot of work is being done on homelessness, not least by this committee, and the Scottish Housing Regulator is going to do some thematic work on homelessness and is consulting Audit Scotland on that.

We are therefore interested in the issue of homelessness and are involved in it, but the main work on the area is being done by others at the moment. As far as housing is concerned, we think that we can get more value for our resource at the moment by looking at the issue of affordable homes. We will continue to monitor what is being done on homelessness, though, particularly individual best-value reports.

Kenneth Gibson: Thank you.

Alex Rowley: Going back to Alexander Stewart's questions on workforce planning and sickness levels, is there evidence of a correlation between sickness levels and the reducing numbers of staff working in local authority services? The buzz phrase for a while in local government was "more for less", but remaining staff have pressures that result in sickness around stress and mental health. Is there a correlation between sickness levels and the reducing number of staff?

Graham Sharp: I am not aware of any specific work that is being done on that. Intuitively, though, I would think that if a particular area is under a lot of pressure, that could well result in higher absenteeism. Possibly we have all been in environments where we have seen that sort of thing happening. However, I am not aware of any across-the-board work on that.

Fraser McKinlay: I am not sure that such work has been done. However, I do not think that there is a clear correlation of the kind that Mr Rowley has asked about. I say that on the basis that pretty much every council in the land has reduced the number of staff and some councils manage sickness absence much better than others. There is something about the way in which that is done that is important.

That is why we keep banging on about workforce planning, because sickness absence scenarios are more likely to be found in specific parts of the council. In relatively small teams, a couple of people leaving can have a disproportionate impact on the people who are left behind. That is why it is important that workforce planning understands the impact of the changes that people make on the ability to deliver a service and on the colleagues who are still working in a department.

Workforce planning and how absence is managed seem to account for the differences between councils, rather than there necessarily being a correlation between sickness absence levels and a reduction in the numbers of staff.

Alex Rowley: We know that people are now told that they have to work until they are 68 years old. However, I think that senior officials in local government retire when they are in their 50s, on average. There seems to be a big gap between the resource and pension for workers on the front line and the situation with regard to senior officials who leave councils through early retirement and then normally take up a place in a quango. Have you done any work on that area?

Graham Sharp: We have not carried out any specific work on turnover, but we keep an eye on the matter. For example, there is quite a high turnover of senior management in IJBs. Given the situation that IJBs are in, that is clearly not a helpful phenomenon.

Fraser McKinlay: We look at all senior departures individually as they happen. As part of the annual audit work, local auditors would always look at the circumstances surrounding the departure of a senior person. Indeed, councils are required to disclose all that in their remuneration report every year.

Forgive me, Mr Rowley, for what is just anecdotal evidence, but I do not think that there have been many early retirements recently. However, you have posed an interesting question and I will see if we can have a look at what we know about the nature of senior people leaving. Just to give the committee an assurance, though, I repeat that if and when that does happen, our local auditors look at the individual circumstances.

Alex Rowley: Okay. Thank you.

The Convener: I thank Graham Sharp and his colleagues for attending the meeting. The committee will now consider in private the evidence that has just been given.

11:06
Meeting continued in private until 11:20.

This is the final edition of the *Official Report* of this meeting. It is part of the Scottish Parliament *Official Report* archive and has been sent for legal deposit.