

Delivering for the future

Why leadership matters



ACCOUNTS COMMISSION 

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1. Introduction

1. Councils are under increasing pressure. Greater demand for services, reduced income and significant challenges in recruiting and retaining workforce mean it is harder for councils to do more with less. And services are beginning to decline.
2. We've reported on the increasingly urgent need for deep and lasting transformation in the way services are delivered. This is vital to ensure services can be maintained.
3. Achieving this relies on effective and sustained leadership. Effective and open collaboration between senior officers and councillors is critical, as difficult decisions must be made.
4. The audit of Best Value is now integrated into the annual financial audit. As part of this, auditors are asked to report on a specific thematic issue chosen each year by the Accounts Commission. The Commission asked auditors, in the six-month period after the local government elections in 2022, to focus on **the effectiveness of leadership in the development of the council's strategic priorities**. Since our audit work was completed, we're aware that some councils will have continued to make progress in the areas highlighted.
5. In the six-month period after the local government elections, councils were setting new priorities and ensuring that new and returning councillors were supported in their roles. Auditors' findings were reported to councils in individual management letters, and a summary is presented in their Annual Audit Reports, each of which can be found on the [Audit Scotland website](#).
6. In this short report, we highlight some of the common points identified by auditors in their management letters, with the aim of assisting councils as they review and develop their priorities further. We've also set out a summary of the Commission's expectations for Best Value in this area, along with improvement areas frequently identified by auditors.

2. Findings

The leadership in all councils have established a clear vision supported by revised priorities informed by the views of citizens and communities

7. A council focused on achieving Best Value will be able to demonstrate that elected members and officers have a clear vision and priorities for their area. Following the local government elections, most councils revised their council plans, setting out their priorities for the next five years with a minority setting out priorities for the next ten years. All councils have an agreed plan aimed at tackling poverty and inequalities, and for all but one council these are embedded within their vision and strategic priorities.¹ All councils reflect sustainability of the environment in their strategic priorities.

8. Early and meaningful engagement and collaboration with communities to identify and understand local needs should be a core part of determining a council's vision and priorities. All councils have shown that the views of citizens and communities have been reflected in setting the priorities in some form, and most chose to communicate the updated vision through their website.

Most councils have set out what they want to achieve in their priority areas, but improvements are needed in performance monitoring and reporting

9. Auditors noted that approximately a third of councils needed to further develop their performance management arrangements to explicitly align these with their new strategic priorities. Eleven councils carried out self-evaluations that support continuous improvement in their corporate priority areas as well as in individual services. Auditors highlighted a number of areas for improvement, including the clarity of outcome measures and targets, arrangements for monitoring and scrutinising progress, and the accessibility and timeliness of performance reporting on council websites. This is key to ensuring compliance with the Commission's [Statutory Performance Information Direction](#).

¹ Since the audit work was carried out all councils have now set out their priorities.

Councils need to do more to ensure budget decisions and financial strategies are aligned to priorities. Councils have a variety of strategic plans focused on workforce, digital, assets and service plans but the extent to which these have been updated to reflect new priorities is varied.

10. Making the best use of public resources is at the heart of delivering Best Value and a key leadership responsibility. This means that councils need a clear plan of how they will use their resources and assets to support the delivery of their local priorities.

11. While councils have short-, medium- and long-term financial strategies and capital plans in place, the extent to which these are demonstrably aligned to priorities is mixed; auditors highlighted that some councils could do more to demonstrate how budget decisions and financial strategies are aligned to priorities. As financial pressures continue this is going to become even more important. Some auditors highlighted that councils have plans in place to drive transformation and change: this is an area auditors will look more closely at in 2025.

12. Auditors highlighted that around half of councils have workforce plans in place to demonstrate they have the right staff in the right place to deliver services. How councils use their workforce is a specific focus of the next BV thematic, and auditors are gathering this evidence as part of the 2023/24 annual audit.

13. Many councils also have digital and asset strategies in place to support the delivery of services in line with council priorities.

Members and officers are working collaboratively, but maintaining and strengthening these relationships, and ensuring strong governance and scrutiny is key to ensuring tough decisions are made effectively

14. Collaborative leadership is important, now more than ever. Working relationships must be constructive and productive to ensure that key decisions are made for the benefit of communities. Many auditors highlighted effective working between members and members and officers, this included five councils where auditors have previously been critical. This happened at a time when some councils experienced a significant turnover in elected members. Auditors recognised the steps many councils took to support newly elected members and to provide ongoing training and development. But they also highlighted the need for members to take personal responsibility for their development, making use of the opportunities provided by councils for training so that they have the skills required for effective scrutiny, decision-making and collaboration.

15. There has been significant change among senior officers. Auditors highlighted concerns in several councils with recruitment and turnover challenges in key leadership and financial posts, encouraging councils to ensure capacity risks are managed after leadership restructures. Effective workforce planning is key to addressing capacity and capability challenges.

Community empowerment is a local priority for most councils

16. Councils must work alongside their local communities to provide people and communities with the services they need as financial pressure escalates and councils, along with community planning partners, have a responsibility to ensure people and communities are involved in the decisions that affect their lives.

17. Community empowerment was reported to be a priority by auditors in 27 council plans. Auditors noted examples of communities designing and co-producing services, including examples of participatory budgeting to involve communities in local spending decisions.

18. Auditors highlighted that while achieving the target of subjecting one per cent of net revenue budgets to participatory budgeting remains aspirational for many, councils have demonstrated engagement with citizens and communities in the budget setting process but there is scope to strengthen this engagement.

19. Auditors encouraged councils to ensure that engagement is meaningful, that communities are supported and encouraged to engage and that the reasons for low take up in engagement opportunities are explored.

3. Conclusion

20. Overall auditors have concluded that councils have set a clear vision and priorities following the local government elections but ensuring they have the detailed plans to support delivery, effective collaborative working relationships to enable tough decisions and clear performance reporting to support effective scrutiny is key to ensuring the sector can respond to the challenges ahead.¹

The Commission's expectations for this area of Best Value

- Councils have a clear vision with clear priorities that are communicated to their citizens, staff and other partners.
- The views of citizens and communities are reflected in council priorities and councils are building on innovative practice to provide more opportunities for local participation in decision-making, including participatory budgeting.
- Community empowerment, inequalities and climate change are reflected in the high-level goals of the council.
- Councils have a performance management framework that enables progress against their priorities to be measured.
- Workforce, digital and asset strategies and service plans are in place to support delivery of priorities.
- Councils have a medium-term and/or long-term plan that demonstrates that financial resources are allocated to deliver priorities.
- Members and officers work collaboratively together towards the achievement of council priorities.
- Councils are self-aware supported by corporate self-evaluation focusing on continuous improvement in priority areas.
- Members and officers demonstrate appropriate behaviours of mutual respect, trust, honesty and openness.

¹ Each council received an individual report on our audit work in this area. Due to the nature of this work and local focus, we have produced a summary of our findings in this short report. As the Best Value thematic work has a different focus each year, the way we report these locally and nationally will vary.

- Council chief officers ensure they have the leadership and workforce capacity and skills to deliver their objectives.

Common improvement actions identified by auditors

- Clarifying the outcome measures and targets for council priorities.
- Improving arrangements for monitoring and reporting on progress against corporate priorities to elected members to support effective scrutiny.
- Making performance reporting on council priorities on the website more accessible to the public and ensuring it is updated regularly.
- Ensuring that workforce, assets, digital, capital and service plans are aligned to corporate priorities.
- Encouraging and supporting communities to engage including exploring reasons for low levels of engagement with opportunities offered and ensuring engagement is meaningful.
- Ensuring equality impact assessments are completed at an early stage to inform policy and strategy development and that equality impact assessment are published.
- Building on existing net zero plans to include further detail on specific project costs and budgets ensuring they are sustainable, and including more information on council's websites about what they are doing to address climate change and the progress made.
- Showing how budget decisions are aligned to priorities and setting out long term financial plans, again, aligned with priorities.
- Reviewing the affordability of proposed capital plans and their revenue implications.

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