

Local Government Overview Reporting: Covid-19

**Plans for LGO and FLGO
2021 and beyond**

13th August 2020

- The COVID-19 pandemic has created a unique and challenging set of circumstances for Local Government in Scotland:
 - unprecedented economic and social impacts
 - additional financial pressures and increased service demand
 - new service delivery models (e.g. digital delivery and blended learning)
 - negative impacts on young people, women, deprived communities, BAME groups
- A period of great innovation, but many long-term challenges lie ahead
- Councils were focused on the delivery of key services during the early phases of the pandemic but are now actively planning for recovery and renewal
- Overview reporting must adapt to this evolving context to remain credible, helpful and relevant

- Most Covid-19 expenditure only started in April so these costs will be considered as part of the audits of the 2020/21 accounts.
- Auditors will, however, be assessing and reporting on Covid-19 related financial risks and pressures in this year's AARs.
- 2-month extension to local government annual audit deadlines – now 30 Nov.
- It is not yet clear when the impact of the pandemic will flow through to financial and performance information, but lots of Covid-19 impact work taking place (Improvement Service, Scottish Parliament, academics and policy institutes)
- All of this has implications for the scope and timing of this year's Financial LGO and wider LGO work
- Agile and flexible approach to reporting is required to maximise relevance and impact of both outputs

- Preparation of Local Government in Scotland **2021**: Initial response to the COVID-19 pandemic in spring 2021
- Preparation of Local Government in Scotland **2022**: More detailed analysis of the impact (including initial financial shock) and lessons learned from the pandemic, including an assessment of progress being made in early phases of recovery
- Local Government in Scotland **2023**: focus on further progress on renewal and recovery with the potential to begin to return to the more traditional approach of the overview report (challenges and service performance)

All of this will need to be kept under review as the shape of the response and recovery curve becomes clearer.

Medium-term approach to Financial Local Government Overview (FLGO) reporting

- Autumn 2020 FLGO delayed until spring 2021 due to extended deadlines for Local Government accounts
- This will be a recognisably consistent output to previous years that will provide a financial overview for 2019/20, along with early commentary on the financial impact of the pandemic on local government bodies for 2020/21
- This FLGO report will not show the full impact of the pandemic in the 2019/20 accounts but continuity of reporting is important, not least to show a 'before' and 'after' Covid-19 financial picture
- FLGO reports based on the 2020/21 accounts and beyond will reflect the longer-term impact of the pandemic and recovery on council finances
- The FLGO and LGO teams are working closely to ensure the timing and positioning of their respective reports ensures maximum impact

- **How did councils respond to the crisis – what changed?**
- **What are the main risks and wider issues facing councils as a result of the pandemic?**
- **What are the early lessons learned and next steps?**
 - We aim to cover, dependent on availability of evidence:
 - how councils used contingency and emergency planning measures to manage the crisis
 - the resilience of council IT infrastructures
 - how well councils communicated with the public and stakeholders throughout the pandemic
 - the effectiveness of partnership working in the delivery of services
 - changes to governance arrangements and the impact on accountability and decision making
 - An initial assessment (2020/21 accounts will not be available) of the financial impact of Covid-19 on councils, including additionality of costs and loss of income, as well as savings generated
 - changes in the way that council services are provided
 - the impact and implications of the crisis on the council workforce
 - early examples of innovation, good practice and lessons learned from the response to the pandemic

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- Does the Commission agree with the general outline for the suite of LGO reports during 2021-2023?
 - Does the Commission support the proposed medium-term strategy for reflecting Covid-19 for the LGO and FLGO reports?
 - Does the Commission agree with the high-level proposals for the spring 2021 LGO?