Executive Summary

The Local Government Benchmarking Framework (LGBF) reports on how much councils spend on particular services, service performance and how satisfied people are with the major services provided and commissioned by councils. The framework supports evidence-based comparisons between similar councils so that they can work and learn together to improve their services. The benchmarking framework now has eight years of trend data, covering 2010/11 to 2017/18. It is important to highlight that this report sets out the national position, however there is a wide range of variation in costs and performance across councils. It is this variation which provides the platform for learning and improvement.

Across the eight-year period for which we present data, total revenue funding for councils has fallen by 8.3% in real terms from £10.5 billion to £9.6 billion. Spending on education and care has been relatively protected over this period. As these account for over 70% of the benchmarked expenditure within the LGBF, most other service areas have experienced substantial real reductions in spending: 22% reduction in culture and leisure spending; 34% reduction in planning; almost 15% reduction in roads spending; and almost 10% reduction in environmental services spending.

Council spending across Scotland did stabilise against trend in 2017/18 but not sufficiently to offset the major reductions experienced since 2010/11. Across that period, service performance has been maintained remarkably well with improving trends in measurable performance across services. In 2017/18 there is indicative evidence across some services covered by the benchmarking framework that performance improvement is slowing down for the first time since 2010/11. 2017-18 also sees further falls in satisfaction with council services. This echoes concerns about the challenges councils face in meeting the increasing demand for services against tightening budgets, highlighted by the Accounts Commission in its Local Government in Scotland Financial Overview 2017/18.[1] One key message in the financial overview's summary was that "The financial outlook is for reductions in Scottish Government revenue funding to councils. This will mean continued and increasing financial pressures on council services, especially those that are not protected".

Children's services

1. Despite real reductions in the education budget of 2.5% since 2010/11, the number of pre-school registrations and primary pupils in Scotland has increased by over 30,000 and measures of educational outcome have shown substantial positive progress, particularly for children from the most deprived areas.

2. In pre-school, real costs per place have risen for the fourth year in a row, increasing by 4.3% in the past 12 months. This reflects the additional costs associated with new entitlements introduced in the Children and Young People (Scotland) Act 2014. The percentage of funded early years provision graded 'good or better' has improved from 87.1% to 91.0% since 2010/11, although it has shown a slight reduction in the past three years.

3. Although total spending on primary and secondary education has grown in cash terms, real spend per primary and secondary pupil has fallen by 8.1% and 3.7% since 2010/11 reflecting changes in pupil numbers. In the past 12 months, there has been a small increase in real spend per primary pupil and a small reduction in real spend per secondary pupil (1.7% and -0.8% respectively). The reduction in spend may to some extent have been offset by the increasing role of school /college partnerships and apprenticeships which are delivering outcomes using different skills and focuses, and not necessarily in school settings.

1 http://www.audit-scotland.gov.uk/report/local-government-in-scotland-financial-overview-201718

4. Pupil performance in education has continually improved since 2011/12 on the measures used in the LGBF. The average tariff score for all pupils improved by almost 16% across the period from 2011/12. In line with key priorities in education, the average tariff score for the most deprived quintiles improved most rapidly across the period since 2010/11 (improving by almost 30%). This pattern of improvement slowed in 2017/18, with no significant change in figures from the previous year. The pattern in the total tariff score data is replicated in the data on 5+ passes at SCQF level 5 and level 6 with substantial long-term improvement since 2011/12 in the attainment of all pupils, and for those from deprived areas. However, as with tariff scores, the rate of improvement has slowed across the last two years for all groups. While this reflects an overall slowing in progress to close the attainment gap, it is important to recognise the significant improvements achieved by Scotland's schools since the introduction of Curriculum for Excellence, particularly given the context of continuing change within the school system over recent years.

5. Scottish schools have a strong focus on employability, supported by national policies like Developing the Young Workforce. The continued improvements in positive destinations from school reflect the positive impact that this approach is having, particularly for young people living in Scotland's most deprived areas. Post school destinations have seen a general improvement over recent years and further analysis of the data shows a measurable closing in the "destinations gap" for those living in Scotland's most disadvantaged areas. Similarly, the participation of 16-19-year olds in further education, higher education, apprenticeships, training and employment has improved year on year to an overall participation rate of almost 92%.

6. Satisfaction with schools has fallen for the sixth year in a row, reducing from 73% to 70% in the last 12 months, and by 13 percentage points since 2010/11. The LGBF satisfaction data is drawn from the Scottish Household Survey (SHS) and represents satisfaction levels for the public at large rather than for service users. Evidence shows there are differences between satisfaction levels for the wider public and service users and, while local analysis of service user experience and satisfaction is important, it is helpful to interpret this in the context of wider public perceptions.

Adult social care

7. Total social care spending on adults has grown across the period by 10.2% while spending on home and residential care for older people has fallen as a percentage of that total. Expenditure in all areas grew between 2016/17 and 2017/18.

8. Spending on home care for older people has risen by 15% since 2010/11, and 3% in the past 12 months, but the number of hours of homecare provided has been relatively static across the last few years. Home care costs per hour have risen by 5.4% since 2010/11 from £22.54 to £23.76, and by 3% in the past 12 months. A significant element of this will be focussed on meeting living wage commitments.

9. Spending on residential care has fallen across the period, by over 12%. This is largely because the net cost of residential care has come down rather than because the number of residents has fallen (-11.2% and -1.7% respectively). The average cost of residential care per week per resident is now £386, compared with £435 in 2010/11.

10. There has been progress in shifting the balance of spend between residential and home care. A record proportion of older people assessed to have long term care needs are being supported at home: 61.7% in 2017/18. However, hours of care at home are not growing and the number of residents in residential care is declining, which indicates that demand is not growing at the rate expected. Modelling has typically assumed growth of around 3% per annum in demand for care: the effective rate has been less than 50% of that.

11. Direct payments and personalised managed budgets have grown steadily across the period from 1.6% to 4.8% of total social work spend (excluding outliers).

12. In terms of care user satisfaction, 80% of users provide a positive rating in relation to quality and impact. This has declined across the last three years by around five percentage points.

Culture and leisure services

13. Despite a real reduction in spend of 22% since 2010/11, leisure and cultural services have sharply increased their usage rates and reduced their costs per use. During this time the substantial increases in visitor numbers across sports (19%), libraries (36%), and museums (29%) have resulted in unit cost reductions of 32%, 45% and 26% respectively. In the past 12 months, uptake of leisure services, swimming pools, libraries and museums has fallen.

14. While council spending across Scotland stabilised against trend for many service areas in 2017/18, culture and leisure expenditure decreased by a further 5.6%. This reflects a 5% reduction in parks expenditure, 8% reduction in libraries, and 6% reduction in sports. Notwithstanding the reductions in expenditure, the equivalent performance has not reduced at the same rate. Close monitoring will be required to assess the extent to which further efficiencies are possible or whether further performance reductions are inevitable as we further reduce expenditure on the services or change delivery that relies more on community rather than municipal delivery. This is an area which will be explored further with VOCAL and Community Leisure UK.

15. Public satisfaction rates have fallen for all culture and leisure services in the past 12 months. Since the base year, satisfaction with libraries has reduced by 11.5 percentage points, museums and galleries by 6.5 percentage points, and leisure facilities by 2.6 percentage points. Only satisfaction levels with parks and open spaces remain at similar levels to the base year, increasing by 1.9 percentage points.

Environmental services

16. Real spending on environmental services has reduced by 9.6% since 2010/11 with reductions in waste management (-3.2%), street cleaning (-27%) and trading standards and environmental health (-18%). The reduction in spend stabilised in the past 12 months, with overall spend reducing by only 0.3%. While recycling rates continue to improve and are now at 45.6%, recent years have seen further reductions in satisfaction with refuse and cleansing, and reductions in street cleanliness scores.

17. Across the period, real spending on roads has fallen by 15%, although this has stabilised in the past 12 months. Since 2010/11, the road conditions index indicates conditions have been largely maintained across all class of roads, however in the last 12 months, the condition of A, B and C class roads have all deteriorated.

Corporate services

18. Corporate services spend has fallen by 23% in real terms since 2010/11, and corporate services now account for only 4.5% of total spending. This is the lowest corporate overhead ratio yet recorded and reflects councils' commitment to protect frontline services over 'back office' functions. It also reflects the maturation of councils' digital strategies.

19. This reduction has gone along with continuing improvement in key areas of performance. Council tax collection within year is at an all-time high of 96% and the cost of collection has

reduced by over 50% in real terms since 2010/11. The gender pay gap has reduced at a rate of 12.5% across the last three years and by 6.6% in the last year, and the proportion of the 5% highest earning staff who are female has risen to almost 55%. The percentage of all invoices paid within 30 days has increased to over 93%, again the highest rate yet recorded.

20. Sickness absence days for teaching staff have reduced by 10% since 2010/11 and by 2.1% in the past 12 months. However, for non-teaching staff, sickness absence has increased by 5.7% since 2010/11, and by 4.5% in the past 12 months. This is alongside a 10% reduction in FTEs for non-teaching staff.

Housing services

21. Councils continue to manage their housing stock well with rent lost to voids reducing from 1.3% in 2010/11 to 0.9% in 2017/18, and a 26.2% reduction in average repair times across this period. There have also been consistent and significant improvements in terms of housing standards and energy efficiency standards, both of which are now above 90%.

22. However, at the same time, the growth in tenants' rent arrears from 5.6% to 6.7% between 2013/14 and 2017/18 reveals evidence of the increasing financial challenges facing both housing residents and councils alike.

Economic development and planning

23. To reflect the strategic importance of economic development and planning and the particular challenges facing discretionary services, an expanded suite of measures has been introduced to the framework following work with the Scottish Local Authorities Economic Development Group (SLAED).

24. Economic development and planning have seen some of the largest reductions in revenue spending since 2010/11, falling by 29% and 34% respectively. Expenditure has stabilised against trend in the past 12 months, both showing marginal growth (1.9% and 0.7%). There has been significant capital expenditure in economic development and tourism across this period reflecting the regional economic growth agenda. This has grown by 105% since 2010/11, and by 25% in the past 12 months.

25. Most measures of economic development and planning performance within the framework show maintained or improved performance across the period, although there is evidence that the improvement rate may be slowing in some areas. The percentage of unemployed people assisted into work from council funded/operated employability programmes has increased from 9.1% in 2012/13 to 14.4% in 2017/18.

26. In terms of infrastructure for business, there is a 33% improvement in terms of efficiency in processing business and industry planning applications, reducing from 14 weeks to 9 weeks between 2012/13 and 2017/18. Town vacancy rates have remained stable across the period despite challenging economic times. There has been a 28% increase in the availability of immediately available employment land, from 12.9% to 40.8% since 2014/15. There has been a 35 percentage point improvement in access to superfast broadband. Despite these improvements, the Business Gateway start-up rate has reduced from 19% to 16.8% across the period, although has shown a slight improvement in the past 12 months.

27. Councils continue to spend over 25% of their procurement spend on local enterprises, increasing slightly in the past 12 months to 27.4%. Given the pressures on council budgets this is a positive outcome as it suggests that the drive to reduce costs has not resulted in local enterprises being displaced by national suppliers of goods and services. However,

while the value of money spent locally has held up well, there has been an overall drop in the number of local suppliers. There has been a commitment in recent months for local government economic development and procurement professionals to work on joint initiatives to enhance the impact of local government procurement spend.

28. The proportion of people earning less than the living wage has not reduced significantly across the period, fluctuating at around 18% to 19%. This partly reflects the move towards a more flexible labour market including zero-hour contracts.