

# Introduction and Key Messages

## COVID - 19

Town centre closed to all traffic except local buses, loading & disabled badge holders.



This year's report introduces data from 2020/21 and reflects the impact of the first year of COVID-19. The pandemic has altered the landscape and fundamentally affected Local Government services and the lives of the communities it serves. The evidence in this year's LGBF highlights both the challenges faced, and the extraordinary effort and achievements delivered across Local Government during this exceptional period. The workforce has adapted quickly to meet new demands, maintain essential services and implement new ways of working. Critical to this, has been the renewed and strengthened partnership working with local communities as well as with third and private sector partners, which has been and continues to be at the heart of local responses.

Going forward, the continuity provided by the LGBF will be invaluable in understanding the impact of COVID-19 on communities and on Local Government services. The framework will be critical in assisting the sector to learn lessons from its response and to strengthen and redesign services to support recovery and renewal.

The focal points in this section are:

1. Impacts on local communities
2. Local Government financial context
3. Health and social care pressures
4. Local variation
5. The complexity in this year's data

## 1. Impacts on local communities

The impacts of the pandemic on our communities have been, and are likely to continue to be, borne unequally. Early evidence of this can be seen clearly in LGBF data from 2020/21, with growing levels of poverty, financial hardship and inequalities evident across several areas. It is worth noting that national data for the 2020/21 period is not yet available for some critical areas such as child poverty, developmental milestones, and child protection.

### Children and education

COVID-19 and the resulting lockdowns have had a significant impact on learning for children, and it is likely that the closure of schools in March 2020 and January 2021 has had a negative effect on some pupils' progress and attainment, with socio-economically deprived children amongst those who may have been most negatively affected. While it is difficult to interpret the trends in the senior phase due to the different assessment methods during COVID-19, clear evidence of impact is emerging in relation to primary achievement levels, school attendance rates, and positive destinations.

In terms of achievement for primary pupils, there is a widening of the attainment gap for both literacy and numeracy levels. The gap between pupils from the most and least disadvantaged areas has widened from 21pp to 25pp in literacy and from 17pp to 21pp in numeracy between 2018/19 and 2021/21.

Further evidence of the disproportionate impact on children and young people from more deprived communities can be seen in school attendance rates. During 2020/21, although attendance rates fell in almost all council areas, rates showed a bigger decline in those councils serving the most deprived communities (a 1.0pp reduction from 92.2% to 91.2% compared to a 0.1pp reduction from 94.1% to 94.0% in the least deprived communities).

A similar trend can also be seen in the destinations of school leavers during 2020. While positive destinations reduced for all SIMD groups in 2020, they fell by more amongst leavers from the most deprived areas, increasing the deprivation gap, from 5.4pp to 6.3pp. During 2020, the proportion entering employment decreased to a record low, and while the proportion of school leavers entering higher education increased for all SIMD groups, it increased by less for those from the most deprived areas. While it is encouraging that for school leavers in 2021, positive destination rates have recovered to pre-pandemic levels, including for the most deprived SIMD groups, it will be important to monitor what the medium to longer term impact will be on leaver destinations, particularly for the most deprived young people.

## Financial hardship

Signs of growing financial hardship for families are evident in levels of council tax payments and rent arrears. All 32 authorities saw their council tax collection rates reduce in 2020/21. During this time, councils purposefully stepped down collection follow-up activities in recognition of the financial challenges facing communities. Councils serving the most deprived councils reported a sharper reduction in collection rates in 2020/21 (-1.2pp compared to -0.9pp in the least deprived communities). The method of payment is important in understanding the pattern of variation, with areas with higher levels of Direct Debit payment less impacted than those more deprived communities with higher levels of cash payments. This longer-term trend has been exacerbated by COVID-19 and highlights the need for digital exclusion to be at the heart of efforts to tackle poverty.

The level of rent arrears rose sharply in 2020/21, from 7.3% to 8.2%. While this may in part be due to the temporary ban on enforcing eviction orders, introduced as part of the COVID-19 response, it also reflects that some people faced a significant loss of income during COVID. This may have worsened existing arrears problems, and also potentially resulted in more people finding themselves having problems paying their rent for the first time. LGBF data shows faster rising levels of rent arrears for those councils with lower overall levels of deprivation (increasing by 2.2pp compared with 0.8pp in those council areas with the highest deprivation levels). The statutory five-week wait for Universal Credit continues to be a significant contributory issue in relation to rent arrears, and this has been exacerbated by COVID-19 with unprecedented levels of new Universal Credit applications during 2020/21.

## Unemployment and low pay

The COVID-19 crisis has resulted in significant disruption in economic activity and the labour market, adversely impacting household incomes as many workers have been made redundant, furloughed or have had a reduction in their working hours or wages. This has resulted in unprecedented levels of financial distress and hardship particularly for those experiencing socio-economic disadvantage. LGBF data shows the percentage of unemployed people supported into work fell from 12.7% to 6.0% in 2020/21, while Claimant Count rose from 3.3% to 6.1%. Claimant count rose faster among young people, increasing from 3.9% to 7.2%. 70% of employee job losses between March 2020 and May 2021 in the UK were among under 25s. Much of this disproportionate impact on young people is driven by the fact that under-25s are more likely to work in sectors such as hospitality and retail and leisure which were particularly severely impacted by COVID-19 restrictions.

Meanwhile, although the overall percentage of people in work earning less than the real living wage reduced in 2020/21 from 16.9% to 15.2%, the true picture is more complex. LGBF data shows that those councils serving communities with lower overall levels of deprivation, reported an average increase in the proportion of people earning less than the living wage, compared to reducing rates in councils serving more deprived communities (a 1.9pp increase compared to a 2.8pp decrease). This will be affected by the pattern of furlough during COVID-19, and also the trend which saw lower-paid people at greater risk of losing their jobs, with overall average earnings for those remaining in work increasing as a result of fewer lower paid people in the workforce.

## 2. Local Government financial context

COVID-19 has required a fiscal response from both UK and Scottish governments which is without precedent in modern times. Major sums of funding have been made available to support and protect businesses, jobs, the economy, households and frontline services across the public sector. It is not yet clear what the medium to longer term impact of this will be on the national and local economies and on funding levels available to support public services.

In 2020/21, councils faced exceptional conditions as a result of COVID-19 which led to significant additional costs, loss of income and undelivered savings. As a result, Scottish Government made additional funding available to councils directly to help mitigate the financial impacts of COVID-19, with funding for the year totalling £1.5 billion, with a significant proportion of this announced late in the financial year.

Councils took on additional responsibilities during 2020/21, including the administration of COVID-19 support grants to local businesses and individuals on behalf of the Scottish Government. This placed a significant additional burden on a wide range of council staff, with grants of over £1.4 billion awarded during the year.

### Scottish Government funding for councils

Total revenue funding for councils in 2020/21 increased by 13% in real terms. However, when non-recurring COVID-19 funding is excluded, the increase in funding is 1.1%. The increase does not however capture the consequences of the costs of new policy burdens which for 2020/21 were £590 million in the Local Government budget,<sup>4</sup> and thus actually represents a real terms reduction in core funding. Scottish Government funding has reduced in real terms over the last ten years, with real terms funding falling by 4.2% since 2013/14 and by 6.0% since 2010/11 (excluding non-recurring COVID-19 funding).<sup>5</sup>

Prior to COVID-19, funding for councils had not been increasing at a sufficient pace to keep up with the demands facing councils, including: growing demographic pressures (>2% per annum); increasing costs, including the impact of living wage and pay settlements; additional impacts on demand from increasing levels of poverty; and higher public expectations. Councils have also faced increasing national policy and legislative demands, with a growing proportion of funding which has been ring fenced for these initiatives. This reduces the flexibility councils have for deciding how they plan and prioritise the use of funding to respond to local needs and the impact of new policy commitments. The continuation of single year settlements has also limited the ability to undertake, and the effectiveness of, medium to longer term financial planning. This was one of the requirements of the 2017 review by the Scottish Government on budget setting.

### Local Government expenditure

In 2020/21, Local Government revenue expenditure increased by 3.2% in real terms.<sup>6</sup> Understanding how and why spend has changed this year is complex due to factors such as the nature and timing of additional COVID-19 funding, non-recurring fiscal flexibilities, additional expenditure to deliver new policy commitments, such as ELC 1140 hours, and the impact of COVID-19 on mainstream budgets. The latter saw additional expenditure across a range of areas: higher costs from social distancing guidelines and price volatility; loss of income; rapid and wholesale shift to home-working models; service redesign; staff redeployment; and increased partnership working.

4 <https://sp-bpr-en-prod-cdnep.azureedge.net/published/2020/2/14/Local-Government-Finance--Budget-2020-21-and-provisional-allocations-to-local-authorities/SB%2020-16.pdf>

5 Source: SPICE. As a result of the exceptional impact of COVID on inflation in 2020/21, SPICE real-terms analysis uses an average measure of inflation over the period to try and remove the distortion caused by using just one of the particularly volatile years in the comparison.

6 Real terms Local Government expenditure in this section is based on the SPICE average measure of inflation to allow comparison with Scottish Government funding trends.

It is important to note that while most authorities reported an increase in earmarked reserves in 2020/21, this is due to the timing and nature of additional COVID-19 funding announced late in the financial year and which has contributed to a significant carry forward of reserves. However, this funding is carried forward as committed for COVID-19 recovery over the medium term, therefore limiting the flexibility with which councils can use these balances. Councils have no assurance or notification of future COVID-19 funding so it is difficult to plan for its use where current reserves may be required for councils throughout the next period.

Over the longer term, despite reductions in funding from Scottish Government, Local Government has largely sustained real-terms expenditure levels since 2013/14. Total General Fund expenditure by councils has grown in real terms by 2.7% since 2013/14 while funding from Scottish Government has reduced by 4.2% during this period (excluding non-recurring COVID-19 funding).

Scottish Government funding accounts for approximately 70% of councils' total income, with the remaining 30% being constituted by income from council tax, the planned use of reserves, income carried forward and through fees and charges. The reduction in Scottish Government funding places significant emphasis on council tax and fees and charges as the main levers generally available to councils to assist in achieving financial balance. There is a gearing effect within this funding ratio, which means that in order to offset a reduction in Scottish Government funding, a disproportionate increase in council tax, charges or use of reserves is required at a local level. It is important to recognise that council tax has not been a lever generally available given the cap in place since 2008 until now.

The resulting financial gap occurs where anticipated income is less than planned expenditure. Historically this gap has driven the need to transform services to be more efficient and effective to suit future demands, or to reduce or ration service provision. To implement such options is challenging in a pandemic where priorities have naturally shifted, and resources moved to accommodate these changes. Transformation requires to be re-evaluated, with significant aspects now on hold until new priorities become formalised and policy decisions are clarified, for example, the outcome of the National Care Service consultation. More risky options may have to be used in the immediate future to bridge that gap including the use of council's finite reserves, utilising fiscal flexibilities, deferring debt repayments and reducing services.

## Protected and unprotected spend

While Local Government has largely sustained real-terms expenditure levels since 2013/14, there has been a relative shift of expenditure towards national priorities. While the picture of spend in 2020/21 is complex, nonetheless it is clear that the previous trend in relation to protected and unprotected spend across Local Government services has continued. Through legislation and Scottish Government policy, expenditure within social care and education continues to be sustained and enhanced. This is often aligned to ringfenced funding. As these areas account for over 70% of the benchmarked expenditure within the LGBF, this therefore has a disproportionate effect on other council services that are not subject to the same legislative or policy requirements. This means they are increasingly in scope to bear a disproportionate share of current and future savings. Since 2010/11, in real terms this has included: 27% reduction in culture and leisure spending; 26% reduction in planning spending; 27% in corporate support service spending; 13% reduction in economic development revenue spending; 25% reduction in roads spending; 34% reduction in trading standards and environmental health spending; and 13% reduction in environmental services spending.

The overall pattern is clear and unsurprising. Councils are left with little flexibility but to prioritise statutory services and those areas where Scottish Government have allocated additional monies for specific purposes. By prioritising these services, other services bear a larger share of the savings. This creates further pressure on the investment required to facilitate transformation. While there is clear evidence of a shift towards prevention with the emphasis on early years, the reductions witnessed across some service areas may have significant implications for other equally important priorities, not least our recovery from the COVID-19 pandemic. Some of these services are central to health and wellbeing priorities (culture and leisure services; planning services) and inclusive growth (economic development). And some are critical to Scotland's post Brexit offer (the quality of infrastructure, the integrity and responsiveness of the regulatory system).

Table 1 gives the breakdown of spending by service since 2010.

**Table 1: Real Change in Revenue Expenditure Since 2010/11 (£000s)**

	Scotland 2010/11	Scotland 2019/20	Scotland 2020/21	% Change from 2019/20 to 2020/21	% Change from 2010/11 to 2020/21
Education	£4,802,311	£5,200,755	£5,453,389	4.9%	13.6%
Looked After Children	£466,305	£536,828	£530,292	-1.2%	18.8%
Adult Social Care	£3,073,919	£3,540,172	£3,749,473	5.9%	22.0%
Culture and Leisure	£615,556	£458,844	£449,748	-2.0%	-26.9%
Environmental Services	£831,627	£725,282	£722,202	-0.4%	-13.2%
Roads	£695,773	£533,409	£519,338	-2.6%	-25.4%
Planning	£148,352	£110,910	£109,599	-1.2%	-26.1%
Economic Development and Tourism	£413,026	£330,334	£360,682	9.2%	-12.7%
Central Support Services	£943,503	£683,118	£690,895	1.1%	-26.8%

*Note: Real terms expenditure trends in this table apply the average measure of inflation as set out by SPICE. In the remainder of the report, GDP deflators as provided by HMT are used to provide consistency with our previous approach.*

*Note: Table 1 includes expenditure covered by the LGBF measures. While the LGBF measures reflect the significant areas of Local Government expenditure, there are some minor areas of spend excluded, which accounts for differences with Scottish Government published expenditure data. All trends represent gross expenditure, except Residential Social Care which are based on net expenditure.*

## Future financial position

There is little doubt COVID-19 has exacerbated the financial pressures facing councils; it is too early, however, to say with any real confidence what the extent and nature of the true and longer-term impact will be. It is anticipated that financial uncertainty will continue on a number of fronts in relation to future funding, pay, inflation, COVID-19 and the implications resulting from the UK's withdrawal from the European Union.

It remains exceptionally challenging to forecast into the future with so many external influences having a material bearing on the economy. It is not currently clear what the medium to longer term impact of the COVID-19 outbreak will have on the economy and on funding levels available to support public services.

As we look longer term there are a series of other factors which create further uncertainty about the challenges councils will face.

- Depopulation and demographic change. The impact of this is far reaching across all councils, as population plays a key role in determining funding levels. It also creates ongoing shifts in service demand, in particular areas such as education, social care and housing, and it creates a clear need to manage transition from current service delivery arrangements to new models that are built around the needs of the future population.
- Welfare reform will continue to pose a challenge into the longer term. Welfare Rights services will become ever more important in helping tenants maximise benefits in order that they can pay rent and tax. It will be important to closely monitor data on rent arrears and council tax payments in the period ahead to understand the impacts on the financial security for low-income households.
- The continuance of health and social care integration brings significant challenges in the a context of increasing demand and insufficient funding, alongside uncertainty in relation to ongoing deliberations on the implementation of a National Care Service (NCS).
- There remains uncertainty in relation to the longer-term impacts of the COVID-19 pandemic on our way of life and the potential impact this may have on the delivery of public services. For example, the extent to which people's recreation habits will return to pre-pandemic levels is not yet clear, nor is the impact this may have on leisure trusts' future income levels and town centre footfall and economic development.
- Adapting to the impacts of climate change and delivering a just transition to Net Zero will be a growing area of focus and activity. Local Government has a crucial role to play in delivering a sustainable low carbon future and is tasked with a growing number of legislative and policy requirements which need funding and resources.

The continued uncertainty of the pandemic, limited funding flexibility, real terms reductions in funding at a time of relatively high inflation, lack of certainty over long term funding, and significant public service reform, provide a challenging context for effective planning and decision making on recovery and the required transformational change councils need to plan to provide an efficient, effective longer-term response.

### 3. Health and social care pressures

The scale of the challenge of keeping people who need social care safe and in providing high-quality health and social care during the pandemic was immense. Even prior to the COVID-19 pandemic, social care is an area where councils and their partners faced significantly growing demands due to an ageing population and the increasing complexity of needs experienced by older and disabled people. Despite the extraordinary challenges during this period, the exceptional efforts of the workforce during a very difficult time ensured the continuation of service delivery and the protection of people from vulnerable situations.

Social care services were successful in maintaining the level of care at home provision during 2020/21, with over 24 million hours of care delivered despite the extremely challenging context. There was a slight reduction in the number of people receiving personal care at home, but the overall proportion of those in need of personal care who were cared for at home increased by 1 percentage point to 62%. These trends likely reflect the interplay between several factors occurring simultaneously. These include pressures on frontline services and staff; the increase in care and support provided informally by families (which may have been made possible through furlough or a necessity if care at home services were not offered during the pandemic or not accepted if clients were isolating); and access to care and support via care homes/hospitals. While these elements will have impacted across all local authority areas, the degree and timing may differ.

During 2020/21, long stay residents (65+) supported in care homes reduced by 6% from 31,050 to 30,125. Care homes and their residents have been acutely affected by COVID-19. Residents of care homes for older people experienced a particularly high rate of COVID-19 related deaths. In addition, public health measures

to restrict visitors created particular challenges for care home residents, their families and the staff that look after them. A number of other COVID-19 related factors also impacted on care home provision during this time. This includes the transfer of patients from hospitals into care homes; the closure of care homes to new residents; many of those at home remaining at home (with family often providing care and support on an informal basis); and finally staffing absence and recruitment issues. While these elements may be important across all local authority areas, there will be differences in timing and degree.

The level of delayed discharges reduced by 37% in 2020/21, reflecting overall significant reductions in non-COVID-19 related hospital admissions during this period, along with concerted efforts to move patients out of hospital to free up hospital capacity and create a better outcome for individuals at risk of acquiring infection in hospital. Meanwhile, the number of readmissions within 28 days fell by almost 20% in 2020/21. Again, this reflects the significant reduction in total discharges during this period, largely due to cancelled or delayed elective activity during the COVID-19 pandemic.

Table 2 shows key trends in the delivery of social care during 2020/21.

**Table 2: LGBF Social Care Trends**

Adult Social Care	2010-11	2019-20	2020-21	Change from 2019/20 to 2020/21	Change from base year to 2020/21
Care at Home Hrs per Year	21,602,216	24,457,442	24,422,666	0%	13%
Number of clients receiving personal care at home, aged 65+	46,954	47,458	46,666	-2%	-1%
% of people aged 65 and over with long-term care needs who received personal care at home	59%	61%	62%	1pp	3pp
Number of long-stay residents aged 65+ supported in Care Homes	31,050	30,125	28,368	-6%	-9%
Number of readmissions to an acute hospital within 28 days of discharge	90,012	113,738	91,733	-19%	2%
Number of hospital discharges	1,003,688	1,086,460	764,261	-30%	-24%
Number of bed days people spend in hospital when they are ready to be discharged	391,389	360,463	227,524	-37%	-42%

The wider response during COVID-19 by councils, in partnership with communities and the third sector, has played a vital role in the resilience of social care during this period. This includes the essential support provided to those individuals shielding and also the efforts to keep schools/education hubs open to enable essential workers to keep working.

There were exceptional challenges for the social care sector during this period, not least the tremendous pressure the workforce has faced in terms of managing anxieties, uncertainties, absence levels and significant recruitment issues. These issues have been whole system, with public and private providers affected equally. This has led to wider issues and concerns in relation to resilience, especially at peak periods such as winter and its multiple concurrent challenges, with pressures often leading to a redistribution of resource rather than an ability to accelerate and wholly increase overall provision and capacity with employees moving between organisations.



What is clear is that integration and closer partnership working were essential during this period, with the strongest partnerships best able to deal with the multiple challenges presented. Councils, Health Boards, third sector and wider private partners all played a key role. Whilst there is no doubt that change is incoming across adult social care provision, it is critical that the creation of a National Care Service, and its formation in the years ahead, does not undermine what has been achieved to date nor impact upon the ongoing pace of change required to support our citizens for the challenges ahead.

It will take time for the true and longer-term impacts to become clear and to understand what this means for the future shape of provision. There are concerns that long-standing structural issues such as chronic underfunding, workforce issues, system fragmentation and supply chain limitations have exacerbated the crisis in social care and hindered the response to the pandemic. COVID-19 also appears to have made some longstanding problems worse, such as unmet need for care, and the burden on unpaid carers. As we work to recover from the significant shock to the system that COVID-19 has delivered, it will be essential to learn from this period and address those longer-term challenges which remain.

There are a number of issues here:

Firstly, over the longer-term period, the funding and level of provision in social care has not grown to sufficient levels to meet demand and support the desired shift to early intervention advocated for by Christie. While the percentage of people with long-term needs who are now receiving personal care at home has increased from 58.9% in 2010/11 to 61.7% in 2020/21, the number of people receiving care at home has decreased over time and the hours of care they receive on average has increased, i.e. in shifting the balance of care, a greater resource has become targeted on a smaller number of people with higher needs. The reducing number of care at home service users, alongside the size of the package delivered, reflects the agreed eligibility criteria now in place to ensure the fair allocation of care.

Secondly, councils and service providers also face growing difficulties in recruiting and retaining staff due to low pay, anti-social hours, and difficult working conditions. While there is a commitment to ensuring adult social care workers receive at least the real living wage, latest figures show gaps in skills across the care sector and over a third of services with vacancies.<sup>7</sup>

Thirdly, most care and support is provided by unpaid carers. There are an estimated 700,000 unpaid carers in Scotland compared to around 125,000 workers in care at home, housing support and care homes. There is significant concern over the increasing pressures facing unpaid carers and a recognition that our social care system would struggle to function without the care they provide.

## 4. Local variation

While the COVID-19 pandemic has had an unprecedented impact for all communities and all councils, local areas experienced the impacts of this pandemic differently. Responses to COVID-19 have exemplified the importance of 'local' with local solutions and responses to local needs and issues, varying both between and within authorities. LGBF performance and expenditure data from 2020/21 reveal substantial variation in terms of the direction of the changes, and the depth and severity of impacts. It is this variation that will provide the essential platform to help councils evaluate their approach during the pandemic and to inform their recovery priorities.

There are very few areas of the framework where the trend was universal for all 32 authorities in 2020/21, and even where there is a universal trend, there is significant variation in the scale of movement. Beyond these measures, there lies even greater variation between authorities across other areas of the framework. The full extent of this variation is set out in the report.

<sup>7</sup> [https://data.sssc.uk.com/images/StaffVacancies/Staff\\_vacancies\\_in\\_care\\_services\\_2019.pdf](https://data.sssc.uk.com/images/StaffVacancies/Staff_vacancies_in_care_services_2019.pdf)

Table 3 shows the small number of measures which followed a universal trend for all 32 councils in 2020/21, and the variation within this trend.

**Table 3: LGBF Indicators showing universal trend for all 32 councils in 2020/21**

Indicator	Change in 2020/21	
	Scotland	Council Range
Sickness Absence Days per Teacher	-34.6%	[-69.3% to -13.5%]
% of income due from Council Tax received by the end of the year	-1.0pp	[-2.2pp to -0.1pp]
Number of hospital discharges	-29.7%	[-38.4% to -13.1%]
Number of sports attendances	-91.3%	[-98.5% to -69.7%]
Number of non-emergency housing repairs completed	-32.9%	[-81.2% to -1.4%]
Cost per Pre-School Education Registration	27.8%	[1.4% - 101.1%]
Claimant Count as a % of Working Age Population	2.8pp	[1.3pp - 3.7pp]
Claimant Count as a % of 16-24 Population	3.3pp	[1.9pp - 4.2pp]
Total useable reserves as a % of council annual budgeted revenue	6.7pp	[1.2pp - 66.5pp]

A range of interconnected factors will be important in shaping the variability observed in the data from this period, including:

- Different local restrictions (localised lockdowns/tiered system of restrictions)
- Existing local capacity (infrastructure; workforce; and partnership context)
- Local responses (innovation; redesign; and redeployment)
- Local pattern of demand and need during COVID-19 (reflecting demographic and socio-economic profile of local communities)
- Local priorities and strategic direction pre-COVID-19
- Local economy (reliance on sectors disproportionately impacted during the pandemic, e.g. hospitality, tourism and high street retail)

This lack of uniformity is an inevitable function of local democracy reflecting the different needs and priorities of local communities. The variation within the LGBF data provides vital intelligence to help assess the impact of different ways of working and models of delivery during the COVID-19 pandemic. This has been a period of historic change, and it is essential we do not lose the learning and innovation from this time. Given the pressures facing local government as we emerge from the pandemic, it will be critical to take time to evaluate and learn from our response during COVID-19 to inform the future design, delivery and shape of services.

## 5. The complexity in this year's data

The significant upheaval resulting from the COVID-19 pandemic has introduced a number of complexities in relation to the 2020/21 LGBF dataset which will be important when interpreting the data and making comparisons with previous years; and with other councils. There are four main areas which are important to emphasise here:

- i. Altered delivery and operating landscapes
- ii. Data timeliness
- iii. Methodological issues and data gaps
- iv. Impact of inflation

### i) Altered delivery and operating landscape

The delivery and operating landscape for councils altered significantly during 2020/21 as a result of COVID-19. Councils were at the fore front of delivering the emergency response to their local communities which required huge remobilisation and redeployment of resource at pace. The COVID-19 emergency response and business critical activities were prioritised during this period, impacting on resourcing and service levels in those less business critical areas. COVID-19 restrictions required the closure or cessation of key council services and/or the implementation of significant service adaptations to meet physical distancing requirements. This period also saw significant service redesign with greater reliance on virtual delivery, with face to face support prioritised for the most vulnerable, e.g. social work services. The wholesale shift to homeworking which happened at pace at the onset of the pandemic also had implications both for service delivery, and for the workforce.

In addition, a number of wider factors have affected both the level of demand for Local Government services, and also the context in which they are delivered. These include: increased financial hardship for families; increasing levels of vulnerability, including mental health and wellbeing; a shut-down then slow-down in economic activity; delays, cancellations and backlogs across wider public services (e.g. NHS and justice); volatility and uncertainty in the supplier/contractor landscape; and finally public perceptions and behaviour around risk and safety.

The above factors provide vital context for the interpretation of data from this period and in particular when drawing comparisons with historic or future data.

### ii) Data Timeliness

This report covers the period up to and including 2020/21 and does not therefore reflect the challenges and pressures facing Local Government currently, nor the longer-term impacts of COVID-19. Data from year one of the pandemic will be vital however in supporting councils to understand what the initial impact of the pandemic has been on services and local communities, and critically to evaluate local responses during the period to inform decisions around how we rebuild and renew. The comparative dataset will provide that essential platform for councils to work together to explore variations in the data, and to share practice and learning around what worked well and what didn't to inform future policy making and prioritisation.

The full impact of COVID-19 on council services and communities will take time to emerge in the data. An illustration of this can be found in council sickness absence figures. 2020/21 data indicates a sharp reduction in (non COVID-19 related) staff absence rates, reducing by 35% for teachers and by 18% for non-teaching staff. Digging beneath the high-level data, the picture that emerges during this period is one of lower short-term absence (presumably driven by the increased flexibility delivered through home working) but increasing

incidence of long-term absence (including mental ill health and stress). How this plays out over the longer term remains to be seen in the data. There is some indication in more recent data that the true impact upon the workforce is becoming more evident, and that after a sustained period of managing high levels of COVID-related absence, increased workloads and workforce shortages, signs of fatigue, stress and burnout are beginning to show. In addition, the consequences of delayed medical interventions and COVID-related mental health trauma are also a key risk and there are likely to be absences associated with such circumstances for a period to come.

### iii) Methodological issues and data gaps

COVID-19 and the measures put in place in response have resulted in important methodological changes for some national datasets, which has impacted on the LGBF. This includes, for example, the different approaches to certification for senior phase attainment, including the cancellation of exams and external assessment of coursework in 2020, and the use of the Alternative Certification Model in 2021. This creates an unavoidable break in the time-series for some measures which is highlighted in the report and caution should be applied when drawing comparisons with previous and future data trends.

Of concern this year is the omission of public perception data from the Scottish Household Survey (SHS). In 2020, changes were required to be introduced to the standard SHS methodology as a result of COVID-19 restrictions, and this has delayed publication of SHS data. The SHS data is an important element of the LGBF, helping to provide a more rounded view of council performance and providing the only available comparable data on community satisfaction with council services. Understanding the impact of COVID-19 on public perceptions and expectations of council services will be vital in informing councils' approach to recovery in the coming period.

### iv) Adjusting for the impact of inflation

In the LGBF, expenditure and unit costs are always presented in 'real terms', i.e. it takes account of how inflation affects spending. The LGBF uses Gross Domestic Product (GDP) deflators to adjust for inflation, which are published quarterly by HM Treasury (HMT). GDP deflators are the standard approach adopted by both the UK and Scottish Governments when analysing public expenditure.

Due to the way GDP is calculated, the increased public spending related to COVID-19 means that (in the short term) annual GDP growth rates, and therefore GDP deflators, are forecast to be volatile. To ensure consistency with our previous approach, this year's LGBF report continues to apply GDP deflators, except where noted in the text. Due to the volatility described, it will be important to consider the impact the applied rate of inflation may be having on the true scale of movement over time when interpreting this year's data.