



Corporate Services





To date digital transformation and other efficiency savings have enabled spending on corporate services to reduce without detriment to overall performance. However, the impact of COVID-19 has reinforced the importance of these functions with key skills being required to support council responses to the pandemic. With previous savings often delivered through a combination of measures including head-count reductions there is a risk that some specialism experience is lost, and resources are not sufficient to sustain former performance improvements alongside the required response to and recovery from COVID-19.

Over the last 11 years there has been a significant reduction in the costs of running council's corporate services. Real terms expenditure has reduced by 29% since 2010/11 (range: -66% to +39%), including a 3% reduction in 2020/21 (range: -23% to +15% excluding outliers). This period has largely equated to one of financial austerity typified by real terms reductions in funding for councils and increased use of ringfencing of funding for specific policy initiatives. The impact of this has been that resulting financial gaps and required savings have tended to be more targeted to some services such as those traditional back room and support functions, in order to protect as far as possible front-line service provision.

Against this backdrop, the effort and achievements delivered across Local Government services during this exceptional period have been extraordinary, and corporate services have been fundamental to this. While the workforce has adapted quickly to meet new demands and implement new ways of working, it will be important to understand the impacts on the workforce, and closely monitor evidence around mental health, wellbeing and general fatigue. The data presented here captures the impacts from the first year of COVID-19 on corporate services. Some of the effects however will take longer to play through and it will be vital to closely monitor the data to fully understand the medium to long term impact of COVID on corporate services and the Local Government workforce.

Support services

Corporate support services within councils cover a wide range of functions including finance, human resources, corporate management, payroll legal services and a number of other corporate functions.

For standardisation purposes, support services are represented as a percentage of total gross revenue expenditure in the benchmarking framework. The figure has remained around 5% across the 11-year period. The total gross revenue expenditure for 2020/21 has been adjusted for significant outliers.

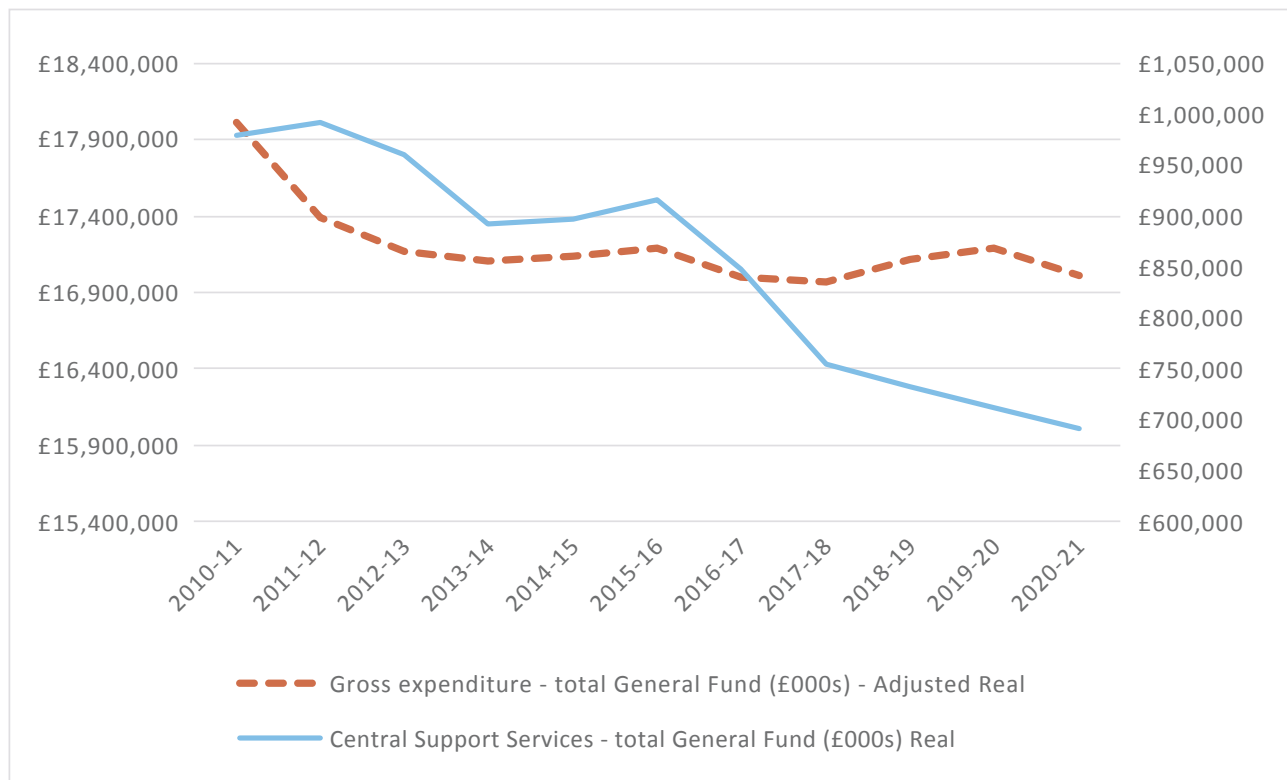
In 2020/21 the Scottish average was 4.1% compared to 5.4% in 2010/11, and representing a slight increase of 0.1pp since 2019/20. The reduction between 2010/11 and 2020/21 reflects a 29.4% decrease in support cost expenditure in parallel with a 5.6% reduction in Total General Fund expenditure. This both reflects councils' commitment to protect front-line services over 'back office' functions and the maturation of councils' digital strategies. It is possible that an element of this significant reduction is due to improved reporting following refined guidance in relation to the treatment of support costs within the financial return.

In 2020/21, there has been a 1.0% reduction in Total General Fund expenditure (adjusting for significant outliers) alongside a 3.0% reduction in spending on support services.

While the majority of councils report a reduction in the proportion of expenditure allocated to support services over both the longer and short term periods, this trend is not universal. Six authorities have seen their proportion increase since 2010/11 counter to the national trend, and over a third saw their proportion increase during 2020/21. Across the 11-year period, rural authorities report the largest percentage point decrease in their support service expenditure (-2.4pp compared to -1.2pp in more urban authorities), although this is not statistically significant due to variation within the family group.



Fig 112: Support services expenditure and total gross expenditure (£)



Source: council supplied expenditure figures

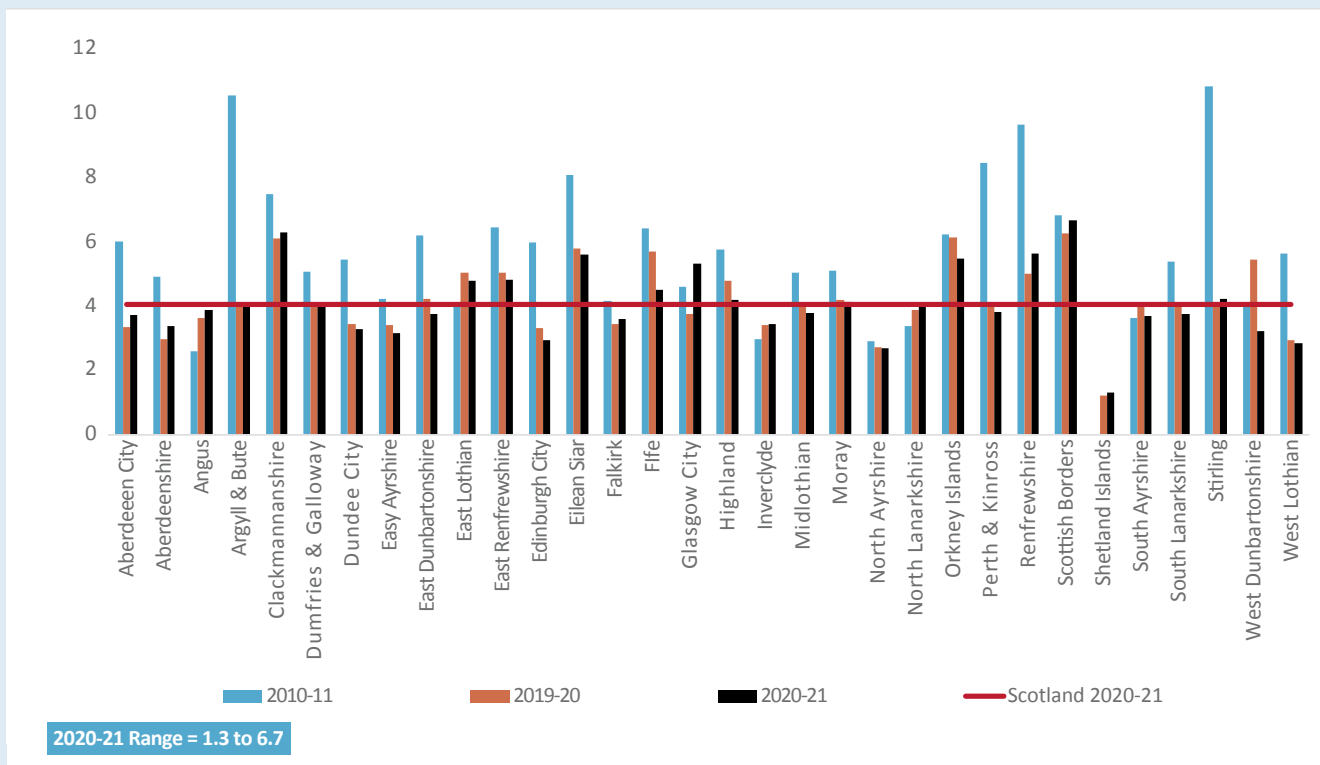
There is significant but narrowing variation between councils in support service expenditure. The proportion ranges from 1.3% to 6.7% in 2020/21. Historically rural authorities have reported higher average support service costs however in recent years, this gap has narrowed as a result of larger cost reductions in rural authorities across the 11-year period.

Work within Family Groups has identified the following factors as important in understanding the variation between authorities in support services:

- *Workforce composition and structure – workforce exit; staff terms & conditions; role redefinition*
- *Asset Management and rationalisation*
- *Service redesign – service integration; centralisation; self-service; outsourcing*
- *Digital Strategy*



Fig 113: Support services as a percentage of total gross expenditure



Source: council supplied expenditure figures

Note: Missing values reflect no data returned for that year



Local Variation – Support services as a % of Total Gross expenditure

2020/21 Value

Scotland: 4.1%; council range: 1.3% - 6.7% (2.7% - 5.6% excluding outliers). Narrowing variation in the most recent year. Higher costs in rural councils compared to urban councils (4.3% compared to 3.7%, not statistically significant). Gap is narrowing as a result of larger cost reductions in rural authorities.

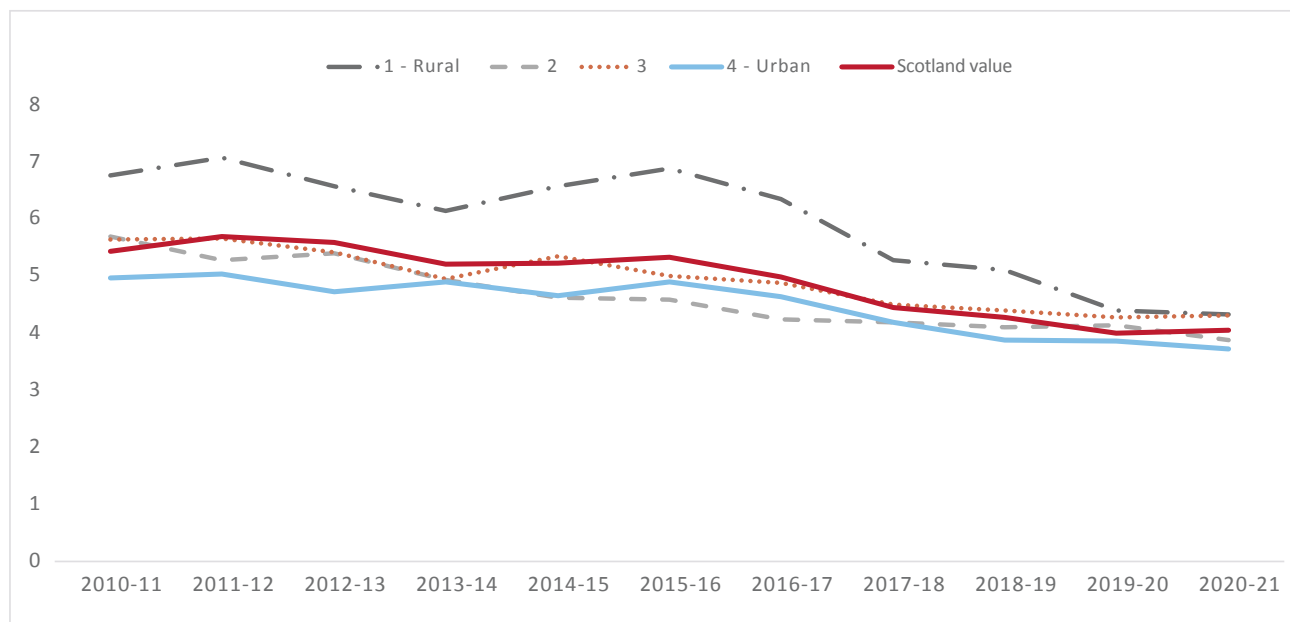
Change Over Time

In 2020/21: Scotland: -0.1pp; councils: 13 increased and 19 decreased (range: -2.2pp to +9.9pp (-0.7pp to +0.6pp excluding outliers)).

Since 2010/11: Scotland: -1.4pp; councils: 6 increased and 26 decreased (range: -6.9pp to +1.3pp).



Fig 114: Support services as a percentage of total gross expenditure by family group - rurality



Gender equality

The percentage of women in the top 5% of earners in councils is a significant measure of the attempts by councils to ensure equal opportunity between genders. From 2010/11 to 2020/21 this has increased from 46.3% to 58.3%. The range across councils is from 29% to 70%, with rural councils reporting lower rates.

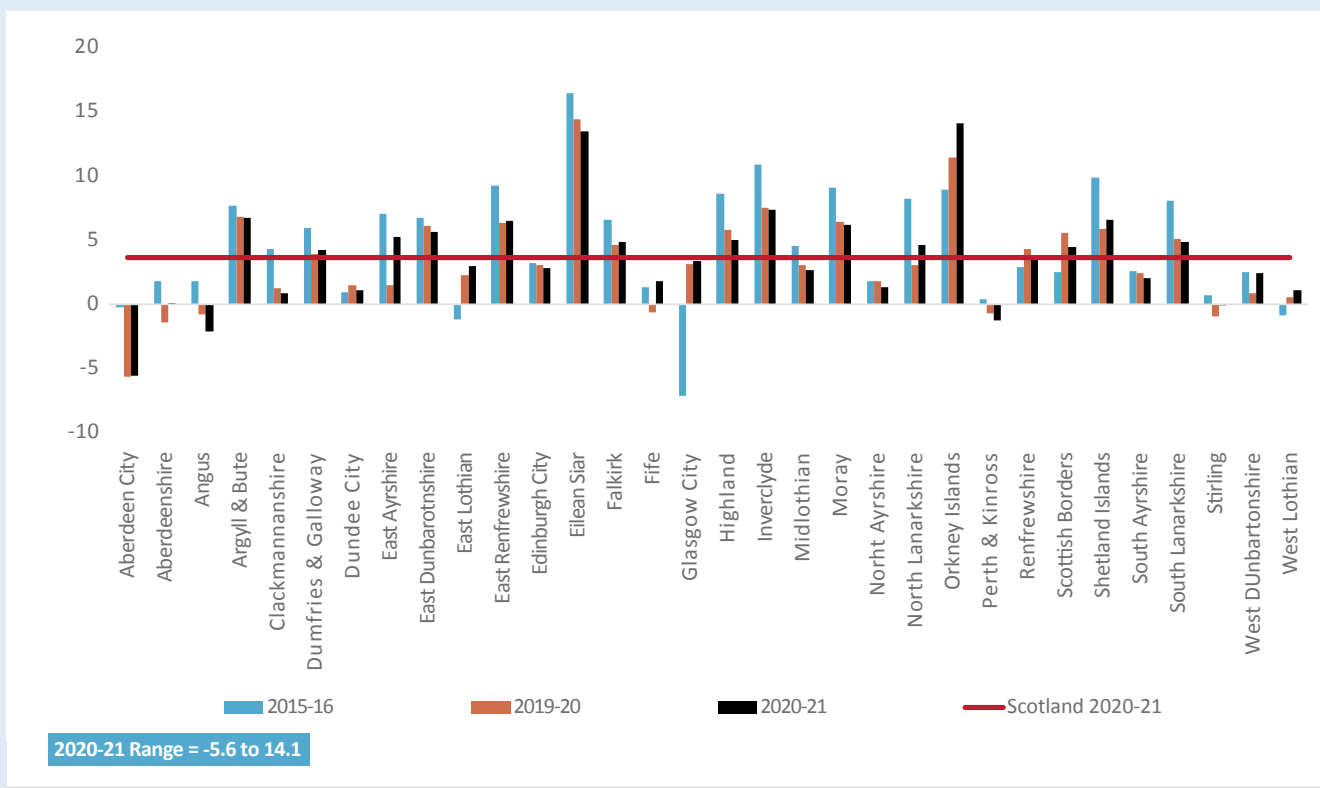
While this is an important measure reflecting the progress which has been made in relation to gender equality in senior positions within Local Government, there is a need to capture the progress being made across the wider workforce. As such, our measure of the gender pay gap represents the difference between men's and women's earnings within local authorities and is a key measure under the Public-Sector Equality Duty. This measure takes the difference between the average (mean) male hourly pay and the average female hourly pay, and divides this by the average hourly rate for male employees. This is used to calculate the percentage difference between pay for men and pay for women. Negative values indicate that women are paid more than men on average. Both part-time and full-time employees are included.

The gender pay gap has narrowed across the past 5 years, falling from 4.5% to 3.7%. In 2020/21 however, there has been a slight widening of the pay gap by 0.3pp. Redeployment strategies, and the sharp growth in the number of cleansing and care staff employed in response to COVID-19 may be important factors in relation to this recent movement.

The gap in 2020/21 ranges from -5.6% to +14.1% and is significantly higher in rural areas compared to urban areas (6.8% compared to 2.4%). Those staff employed via arms-length organisations are not included within the calculation which will influence the variability observed and may be important in understanding the figures observed for some authorities.



Fig 115: The gender pay gap (%)



Source: council supplied figures



Local Variation – The gender pay gap

2020/21 Value

Scotland: 3.7%; council range: -5.6% to 14.1% (-2.1% to 7.4% excluding outliers). Widening variation in the most recent year. Gap is wider in rural councils compared to urban councils (6.8% compared to 2.4%, not statistically significant).

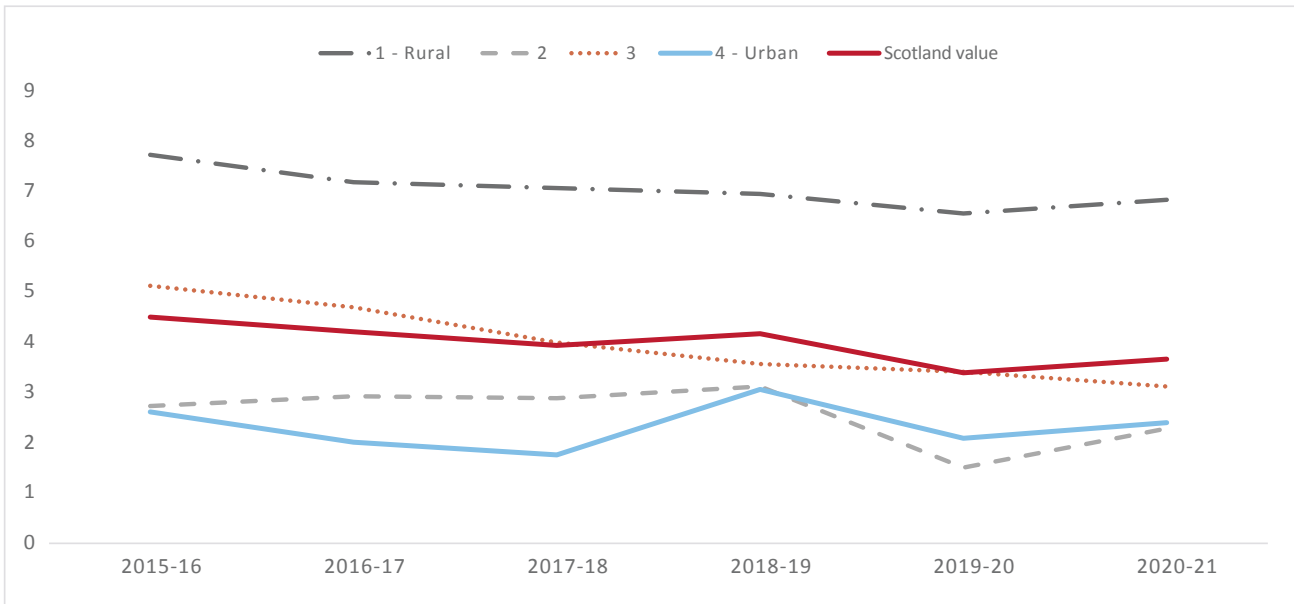
Change Over Time

In 2020/21: Scotland: +0.3pp; councils: 15 increased and 17 decreased (range: -1.3pp to +3.8pp (-1.3pp to +2.4pp excluding outliers)).

Since 2015/16: Scotland: -0.8pp; councils: 8 increased and 24 decreased (range: -5.3pp to +10.5pp (-5.3pp to +5.1pp excluding outliers)).



Fig 116: The gender pay gap (%) by family group - rurality



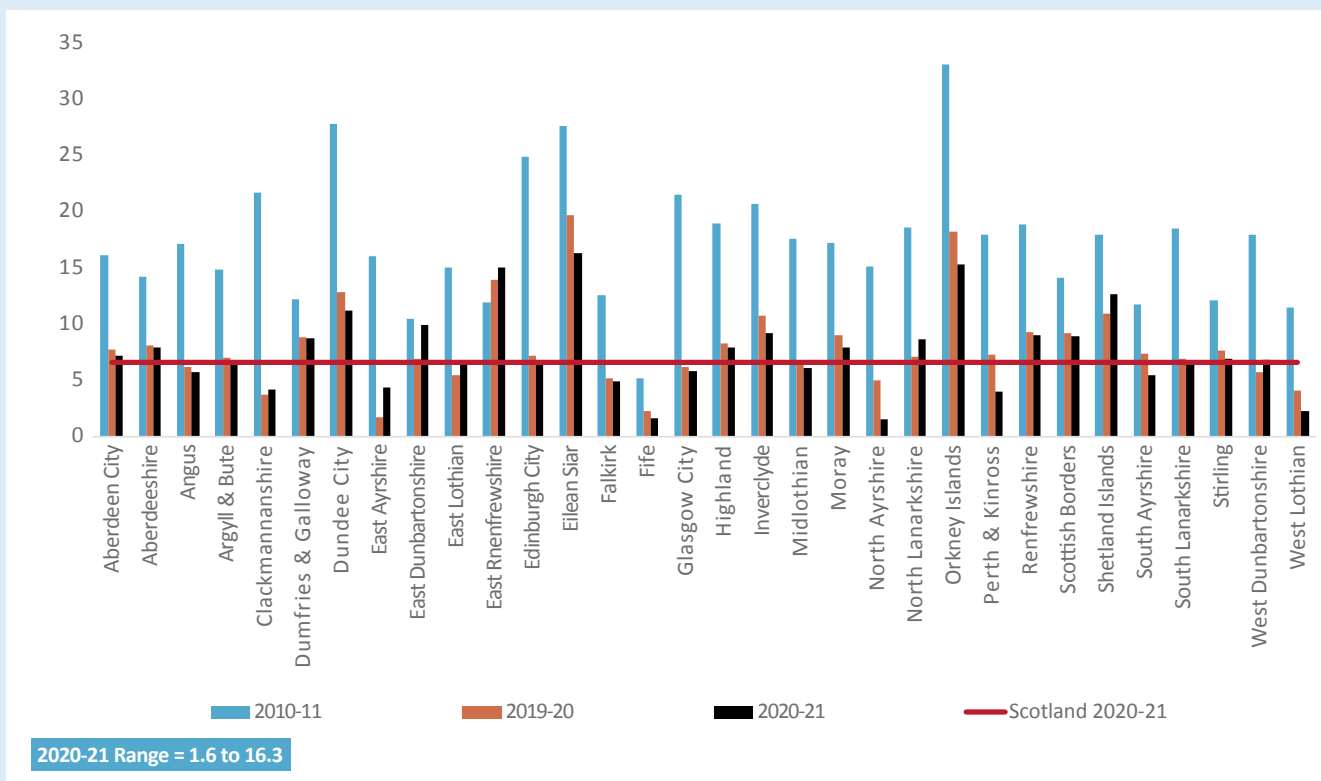
Council tax

The cost of collecting council tax is measured on a per property basis to standardise the measure across councils. Over the 11-year period from 2010/11 to 2020/21 costs have reduced by 61.5%, from £17.25 to £6.64. There has been a year on year reduction in costs, with no slowdown in the rate over recent years. In 2020/21, costs reduced by 5.3%. Almost all councils report significant cost reductions across this period, a key driving factor is the continued digital transformation and shift to embrace new technology and automation. In 2020/21, although the national average reduced by 5.3%, a quarter of councils reported an increase in costs counter to the national trend

Although narrowing, the range across coouncils varies significantly from £1.58 to £16.31, with island and rural councils reporting significantly higher costs and a slower rate of cost reduction since 2010/11. This remains true even with a slight increase in average costs for the most urban council grouping in 2020/21, counter to the previous trend.



Fig 117: The cost per dwelling of collecting council tax (£)



Source: council supplied figures



Local Variation – The cost per dwelling of collecting council tax

2020/21 Value

Scotland: £6.64; council range: £1.58 to £16.31. Widening variation in the most recent year. Costs are higher in rural councils compared to urban councils (£10.6 compared to £7.7, not statistically significant).

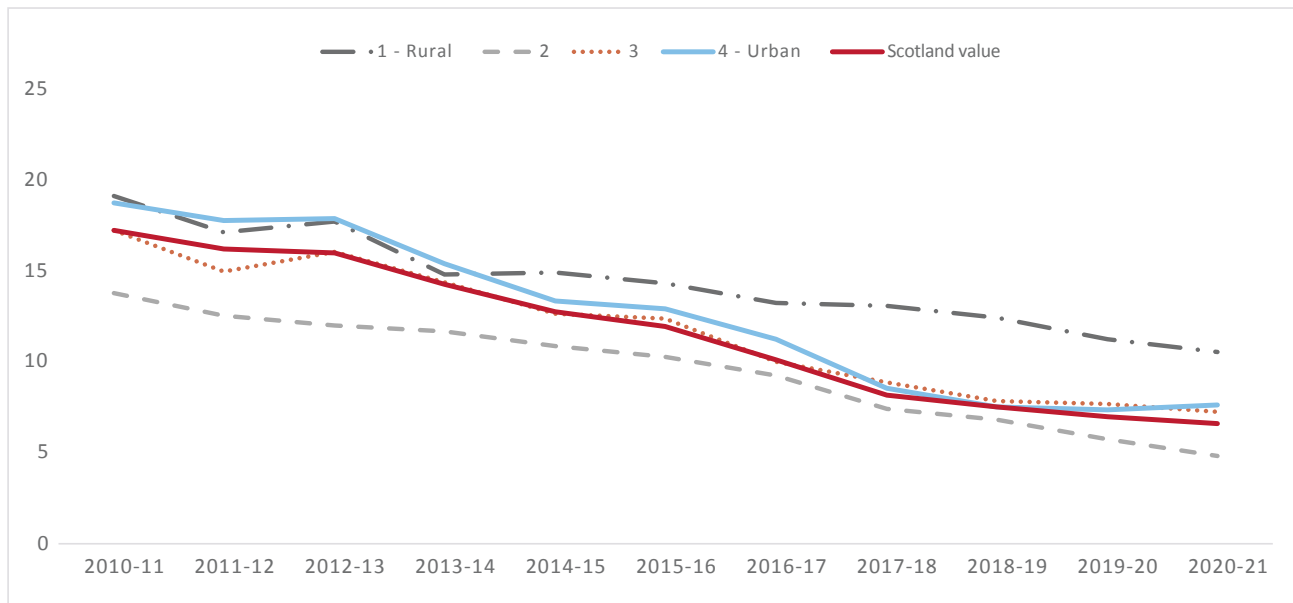
Change Over Time

In 2020/21: Scotland: -5%; councils: 8 increased and 24 decreased (range: -68% to +157% (-26% to + 21%, excluding outliers)).

Since 2010/11: Scotland: -62%; councils: 1 increased and 31 decreased (range: -89% to +26% (-89% to -28% excluding outliers)).



Fig 118: The cost per dwelling of collecting council tax (£) by family group - rurality



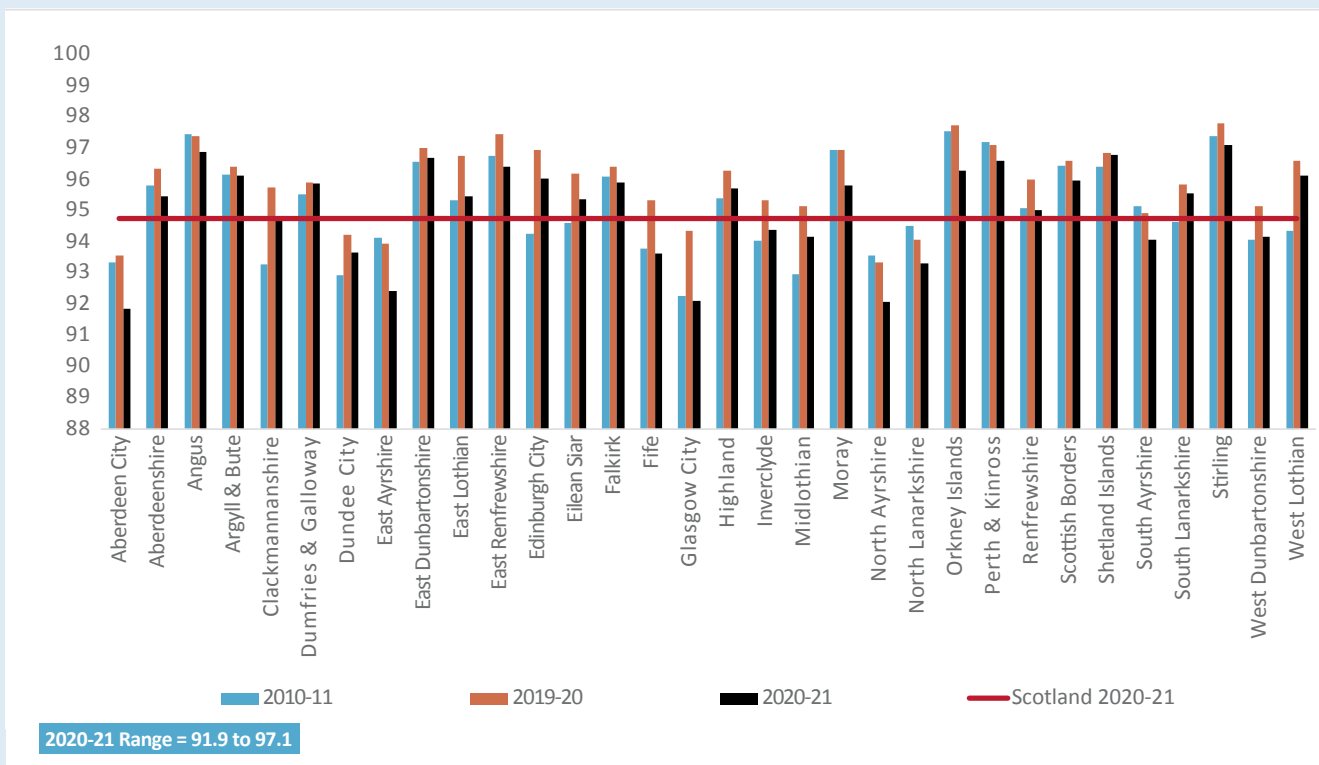
At the same time as the significant reduction in unit costs, the overall rate of in-year collection for council tax has remained high and shown steady improvement from 94.7% in 2010/11 to 95.8% in 2019/20. In 2020/21 however, the collection rate decreased by 1pp, from 95.8% to 94.8%, reflecting a reduction for all 32 authorities.

Prior to COVID-19, council tax collections improved as a direct result of the council tax freeze from 2008/09 to 2016/17, a trend which had continued up until 2018/19 despite the challenges created by a difficult economic climate and significant welfare reform. The reduction in 2020/21 provides evidence that the COVID-19 pandemic is having an impact on average payments, debt repayment time and collection levels. Key factors include the increased levels of financial hardship in communities, a decrease in service follow-up activity, and an increase in bad debt provision to cover reduced income. It will be important to monitor the longer-term trend going forward.

The variation across councils widened in 2020/21 after narrowing in previous years. Rates in 2020/21 range from 91.9% to 97.1% and continue to show a significant pattern in relation to level of deprivation. Those councils with higher levels of deprivation report significantly lower rates paid on time compared to the least deprived councils (93.4% compared to 95.8%). The most deprived councils also report a sharper reduction in collection rates in the most recent year (-1.2pp compared to 0.9pp).



Fig 119: Percentage of income due from council tax received by the end of the year



Source: council supplied figures



Local Variation – Percentage of income due from council tax received by the end of the year

2020/21 Value

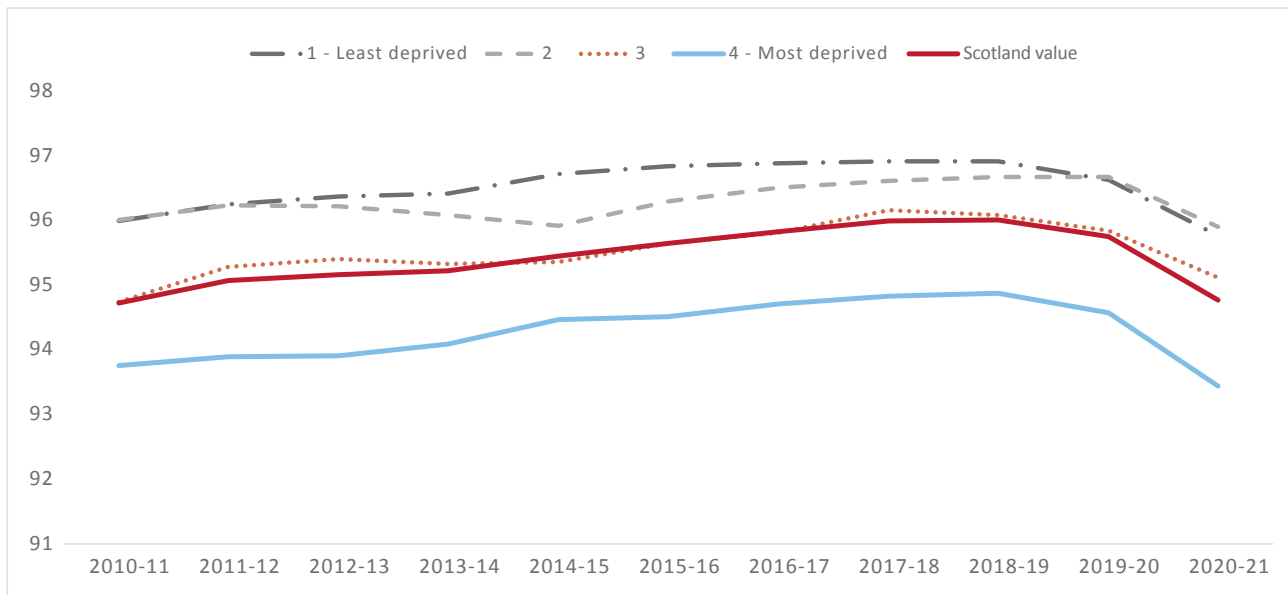
Scotland: 94.8%; council range: 91.9% - 97.1%. Widening variation in the most recent year. Significantly higher proportion of income received in least deprived councils compared to most deprived councils (95.8%, compared to 93.4%).

Change Over Time

In 2020/21: Scotland: -1.0pp; councils: all 32 decreased (range: -2.2pp to -0.1pp).
 Since 2010/11: Scotland: +0.1pp; councils: 14 increased and 18 decreased (range: -1.7pp to +1.8pp).



Fig 120: Percentage of income due from council tax received by the end of the year by family group - deprivation



Work within Family Groups has identified the following factors as important in understanding the variation between authorities in council tax performance:

- Channel shift to greater automation and self-service (both customer facing and back office)
- Structural variations in relation to council owned or transferred housing stock and the impact of discount/exemption/council Tax Reduction(CTR) take-up on collection
- Procedural variations such as:
 - Local set ups – Revenues and Benefits, shared service etc
 - Impact of annual/regular billing regimes on subsequent collection and recovery
 - Types/variety of accessible payment options, particularly the level of Direct Debit payment
 - Follow-up and recovery timetables
 - Payment arrangement guidelines
 - Impact of ‘water only’ debt and success of DWP collections (including Water Direct)
 - Working with others – RSL’s, Educational Establishments, Advice Sector
- Recovery and Enforcement approaches, e.g.:
 - Corporate debt strategies (refunds/offsets etc)
 - In-house recovery activity
 - Pre and post warrant intervention
 - Use of available diligence and enforcement actions
 - Relations with/management of Third Party Collectors (Sheriff Officers etc.)
- Asset management and rationalisation in relation to office premises



Sickness absence rates

The management of sickness absence has been and will continue to be a major priority for councils in their efforts to improve the health and wellbeing of their workforce and to manage their costs. The unprecedented pace of change and transformation across Local Government places further emphasis on the importance of developing effective strategies to manage absence.

Local authorities are adopting a holistic and supportive approach to absence management to engage and retain employees, in recognition that such strategies make good business sense. Although local context will differ, authorities are adopting policies and good practice procedures to promote employee wellbeing and support good mental health. Deployment of a progressive response requires capacity and resources. This creates challenges, particularly at a time when there are huge demands for cashable savings and limited opportunities to invest, even in political priorities.

The COVID-19 'major incident' is expected to skew all absence information in the short term i.e. during the pandemic and lockdowns. In the medium to long term, issues are already emerging as we transition into managing long-COVID absences where debilitating symptoms are still being experienced six months on. In addition, the consequences of delayed medical interventions and COVID-related mental health trauma are also a key risk for the economy, businesses and working lives and there are likely to be absences associated with such circumstances for a period to come.

Whilst the focus has continued to be on keeping people safe, the importance of wellbeing will remain central to our responsibilities as a public sector employer amongst a range of wider issues of public policy. Key to policy development is the shift in expectations amongst the workforce around how they are treated and supported, their access to more flexible ways of working, managing workload and stress and the creation of development and progression opportunities. Through policy change, the emphasis will be on building on all that has been learned through these tough times to reinforce our commitment to fairer work and better working lives.

To provide continuity, the LGBF sickness absence data excludes COVID-19 related absence during 2020/21 to allow analysis of long-term trends. Prior to COVID-19, Local Government absence levels were at their highest since 2010/11, increasing by 7% across the period from 9.8 to 10.4 days.⁴² This reflects a 10% increase for non-teaching staff (from 10.8 days to 11.9 days), and a 4% reduction for teaching staff (from 6.6 days to 6.3 days).

In 2020/21, absence levels (excluding COVID-19 related absence) for both teaching and non-teaching staff reduced significantly, by 34.6% for Teachers, and by 18.4% for non-teachers. This pattern was almost universal, although one council reported an increase in non-teacher absence during this time.

The variation between authorities has remained fairly stable over time, with teacher absence in 2020/21 ranging from 1.7 days to 7.1 days, and non-teacher absence from 6.4 days to 12.3 days. There is no systematic relationship with deprivation or rurality, either in terms of the absolute sickness level, or in the rate of reduction in 2020/21.

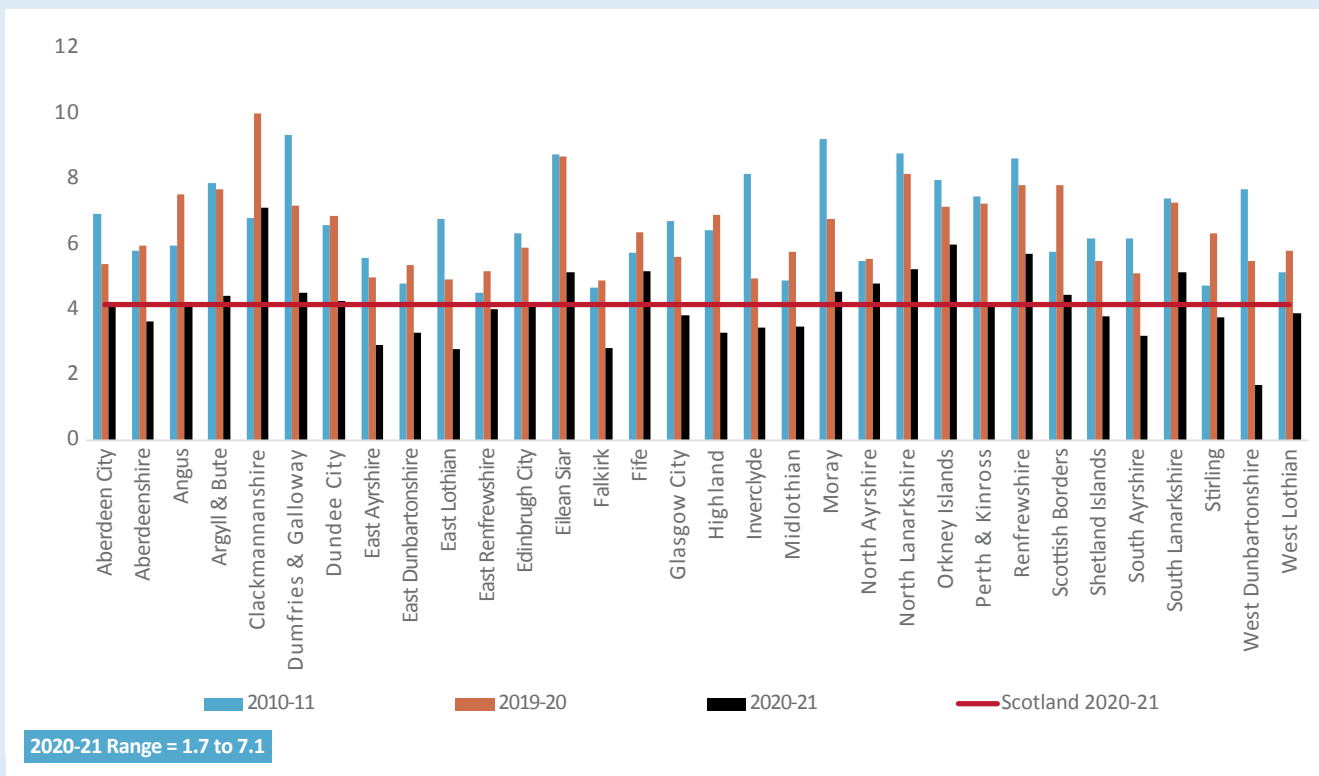
Digging beneath the high-level data, the picture that emerges is one of lower short-term absence but increasing incidence of long-term absence. The wholesale shift to home working during COVID has delivered greater flexibility in terms of working hours which will be important in this trend, however also emerging are concerns of increased workload and mental health challenges. Prior to the pandemic, there was growing evidence that mental ill health and stress were emerging as increasing challenges within the public sector workforce. The impact of COVID-19 is likely to have exacerbated this and will be important to monitor across the period ahead.

⁴² FTE calculations used within council supplied figures for LGBF differ slightly from the PSE guidelines (<https://www2.gov.scot/Topics/Statistics/Browse/Labour-Market/PublicSectorEmployment/PSEGuidance>)



It is important to note that during this time, councils along with other organisations, were also having to manage significant levels of COVID-10 related absence. Staff absence, including COVID-related absence, peaked at almost 12% during the first wave of COVID infections in the spring of 2020, and although it has fluctuated in line with infection levels, absence has remained consistently higher than pre-COVID-19 levels, which sat at under 5%. Of most concern, is the recent trend showing significant increases since October 2021, with rates currently sitting at 7.5%, bringing continuing pressure on the system.

Fig 121: Sickness absence days per teacher



Source: council supplied figures



Local Variation – Sickness absence days per teacher

2020/21 Value

Scotland: 4.2 days; council range: 1.7days - 7.1 days. Narrowing variation in the most recent year. There is no systematic relationship with deprivation, rurality or council size.

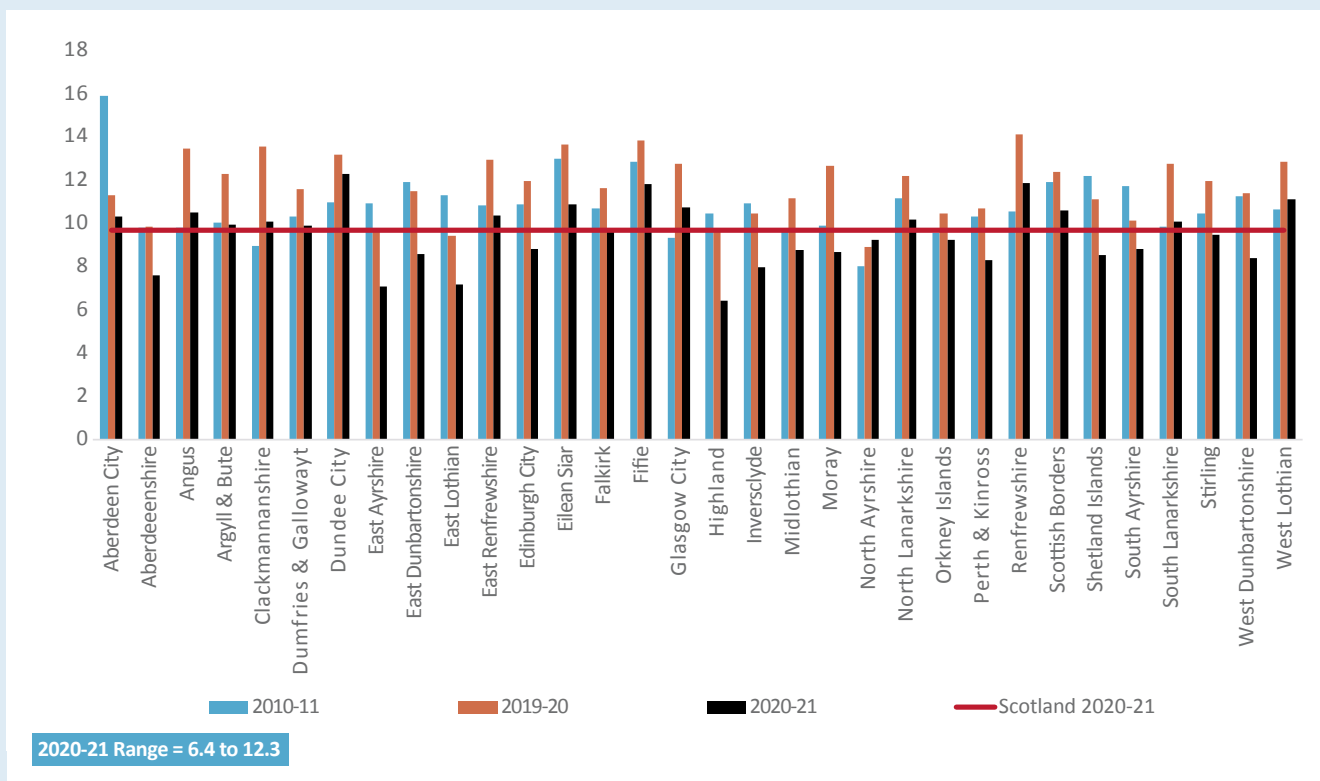
Change Over Time

In 2020/21: Scotland: -35%; councils: All 32 decreased (range: -69% to -14%).

Since 2010/11: Scotland: -37%; councils: 1 increased and 31 decreased (range: -78% to +4.5% (-78% to -10% excluding outliers)).



Fig 122: Sickness absence days per employee (non-teacher)



Source: council supplied figures



Local Variation – Sickness absence days per employee (non-teacher)

2020/21 Value

Scotland: 9.7 days; council range: 6.4 days - 12.3 days. Variation has remained stable in the most recent year.

There is no systematic relationship with deprivation, rurality or council size.

Change Over Time

In 2020/21: Scotland: -18%; councils: 1 increased and 31 decreased (range: -34% to +3%).

Since 2010/11: Scotland: -10%. councils: 8 increased and 24 decreased (range: -38% to +15%).



Work within Family Groups has identified the following factors as important in understanding the variation between authorities in sickness absence levels:

- *Workforce composition and age profile*
- *Priority given to performance management and business intelligence to support early intervention*
- *Strategic priority given to Health and Wellbeing initiatives*
- *Level of staff engagement and involvement*
- *Differences in Absence Management policy and procedures, including the point at which disciplinary intervention is triggered*
- *Level of flexible working practices*
- *Level and type of occupational health and counselling*
- *Level of resource dedicated to maximising attendance and managing absence*

Invoices paid

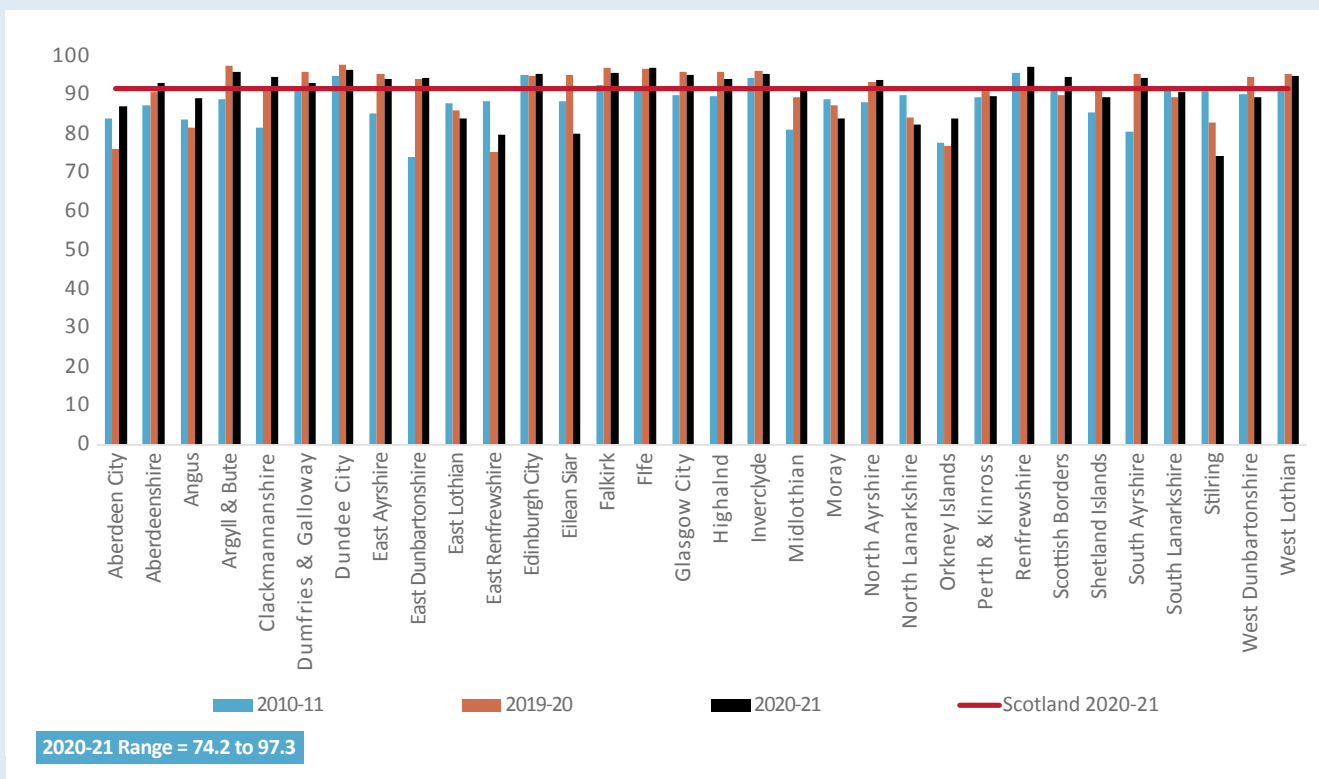
Councils are major purchasers of goods and services both within their local economies and across the Scottish economy as a whole. Performance is standardised for the LGBF in terms of the percentage of invoices sampled that were paid within 30 days. The percentage of invoices paid within 30 days has improved from 89.5% to 91.8 over the 11-year period.

In 2020/21, performance increased by 0.1pp, following a slight dip between 2018/19 and 2019/20. There is however, significant variation among authorities, with over half of councils reporting a reduction in the most recent year. Levels of variation have widened in the most recent years, with councils ranging from 74.2% to 97.2%. There are no systematic relationships with deprivation or rurality.

Less orders were placed during this period due to restrictions and the level of uncertainty, and less works were being completed. Within the service, resource reallocation to the emergency response and the time taken to fully implement home working procedures will be important in interpreting the trends in this years data.



Fig 123: Percentage of invoices sampled that were paid within 30 days



Source: council supplied figures



Local Variation – Percentage of invoices sampled that were paid within 30 days

2020/21 Value

Scotland: 91.8%; council range: 74.2% - 97.3%. Narrowing variation in the most recent year. There are no systematic relationships with deprivation, rurality or council size.

Change Over Time

In 2020/21: Scotland: +0.1pp. councils: 14 increased and 18 decreased (range: -15.3pp to +11pp).

Since 2010/11: Scotland: +2.2pp. councils: 24 increased and 8 decreased (range: -16.7pp to +20.5pp).

Corporate assets

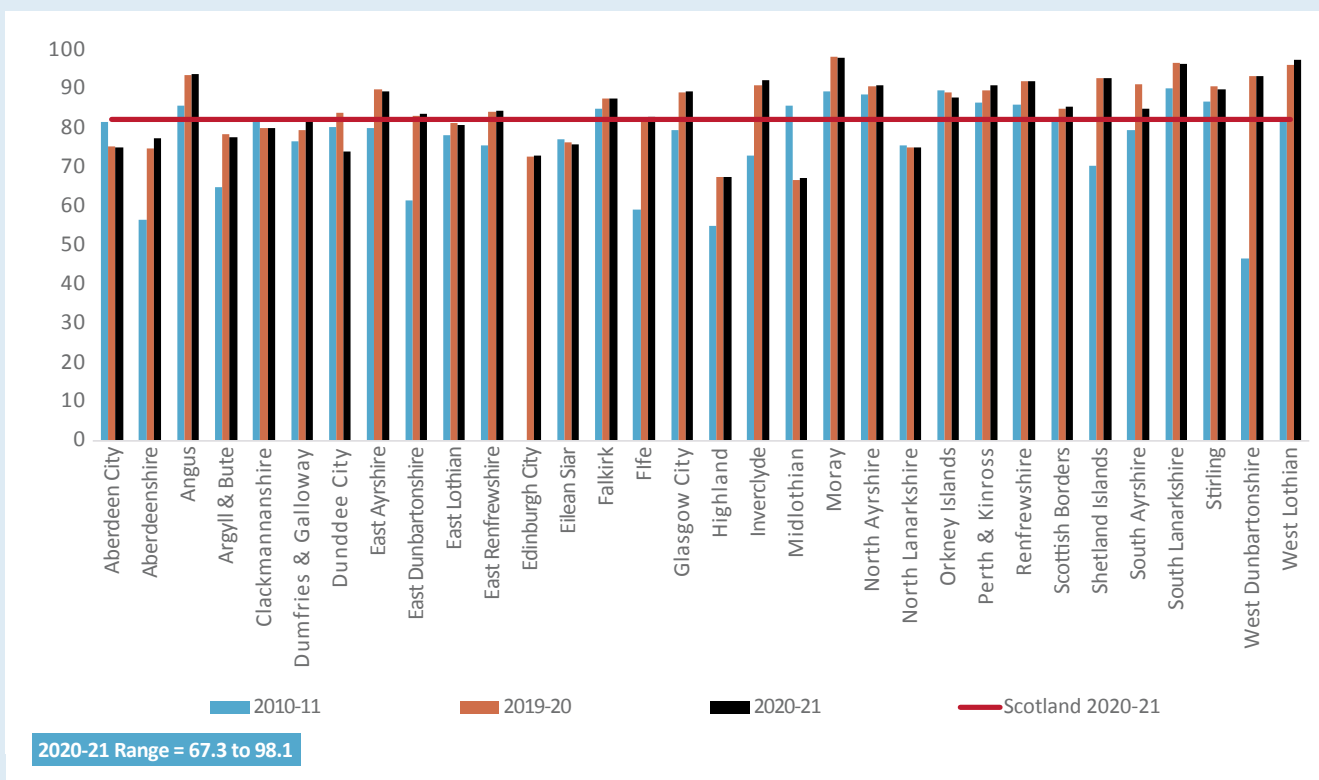
There has been significant and sustained improvement in the condition of councils’ corporate assets over the longer term period. The percentage of operational buildings that are suitable for their current use has improved from 73.7% to 82.3% and the proportion of internal floor area of operational buildings in satisfactory condition has improved from 81.3% to 89.2%. These trends however are not universal, with over a fifth of councils showing a decline in this area counter to the national trend.



In 2020/21, while the condition of internal floor area continued to improve, the % operational buildings that are suitable for their current use declined very slightly, by 0.2pp. There is significant but narrowing variation across councils in both measures. In 2020/21, this ranges from 67% to 98% for buildings suitable for use, and 54% to 100% for condition of floor area. There is no relationship with rurality, deprivation or size of authority.

Any impact from the pandemic on the corporate asset is not yet clear in the data from 2020/21. This will be an area to monitor closely to see if there are significant movements in the asset base in coming years as authorities consider the implications of moving to hybrid working model as we emerge from the pandemic.

Fig 124: Proportion of operational buildings that are suitable for their current use (%)



Source: council supplied figures



Local Variation – Proportion of operational buildings that are suitable for their current use

2020/21 Value

Scotland: 82.3%; council range: 67.3% - 98.1%. Narrowing variation in the most recent year and not systematically related to deprivation, rurality or authority size.

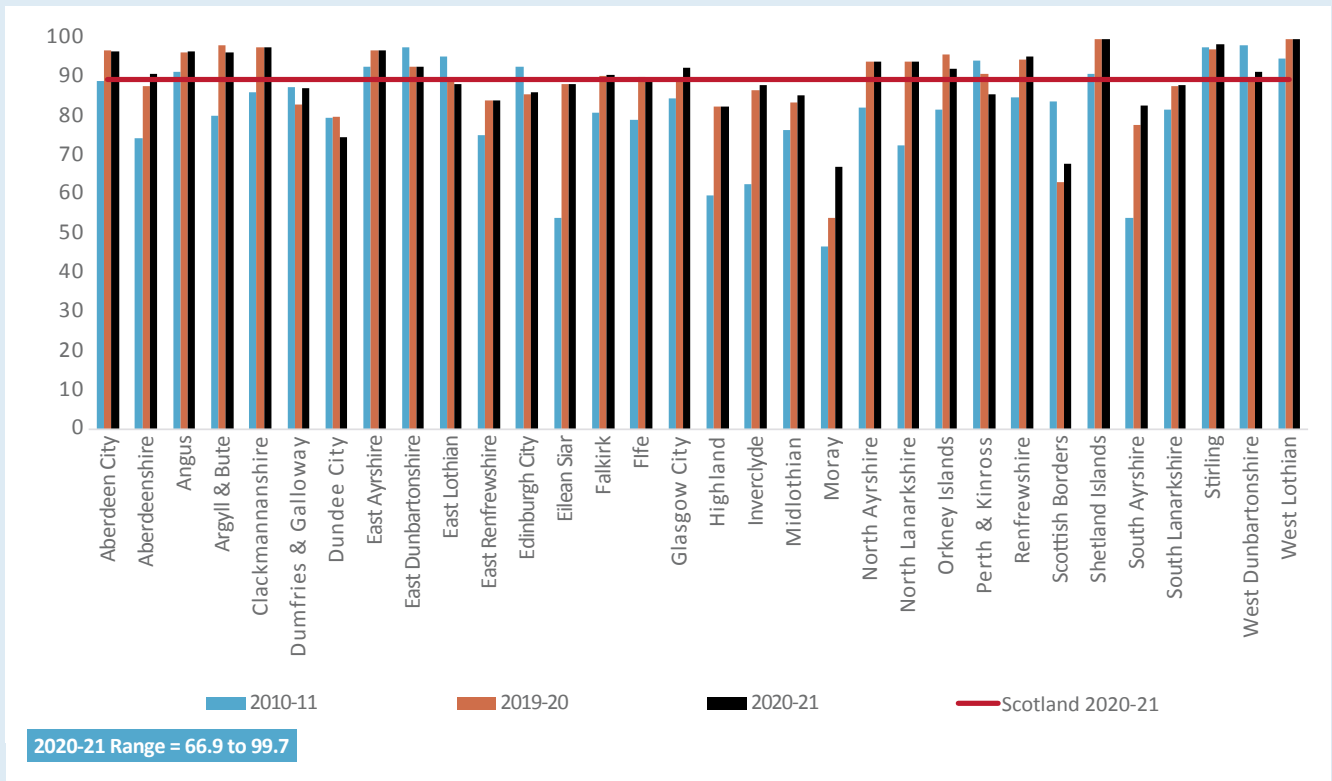
Change Over Time

In 2020/21: Scotland: -0.2pp. councils: 14 increased and 18 decreased (range: -9.9pp to +2.5pp).

Since 2010/11: Scotland: +8.6pp. councils: 25 increased and 7 decreased (range: -18.5pp to +46.5pp).



Fig 125: Proportion of internal floor area of operational buildings in satisfactory condition (%)



Source: council supplied figures



Local Variation – Proportion of internal floor area of operational buildings in satisfactory condition

2020/21 Value

Scotland: 89.2%; council range: 66.9% to 99.7%. Narrowing variation in the most recent year and not systematically related to deprivation, rurality or authority size.

Change Over Time

In 2020/21: Scotland: +0.6pp. councils: 19 increased and 9 decreased (range: -5.4pp to +13pp).

Since 2010/11: Scotland: +7.9pp. councils: 24 increased and 8 decreased (range: -15.9pp to +34.2pp).



Work within Family Groups has identified the following factors as important in understanding the variation between authorities in relation to corporate assets:

- *Review programme for school estate*
- *Investment in improvement works*
- *Lifecycle – key elements at end/past their useful economic life e.g. roofs/heating systems*
- *Capital programmes – investment in schools/energy efficiency programmes*
- *Asset transfer and the Community Empowerment agenda*