

REPORT TO: FINANCE COMMITTEE – 13 August 2001

REPORT ON: CONVENTION OF SCOTTISH LOCAL AUTHORITIES (COSLA)-
REVIEW

REPORT BY: CHIEF EXECUTIVE

REPORT NO: 504-2001

1. PURPOSE OF REPORT

- 1.1 To update the Council in regard to the outcome of the COSLA Review and subsequent request for an increased levy contribution for 2001/2002.

2. RECOMMENDATIONS

- 2.1 It is recommended that the Committee:

- a) endorses the outcome of the COSLA Review 2001 and subsequent implementation plan
- b) agree to a further increased levy contribution of £2,499 in addition to the 3% interim payment already agreed at the Finance Committee of 19 March 2001.

3. FINANCIAL IMPLICATIONS

The interim financial contribution to COSLA for 2001/02 of £71,487 was paid at the start of financial year. The additional 3.6% increase of £2,499 can be met from the 2001/02 Finance Department's Revenue Budget for Third Party Payments.

4. BACKGROUND

Members will recall that the Council agreed at the meeting of the Finance Committee on 19 March 2001 to renew its membership of COSLA, in accordance with the agreement reached at the Leaders Meeting on 23 February 2001, ensuring that the Council had access to the services provided by COSLA, as outlined in Report No 186-2001.

Arising from the Leaders Meeting of 23 February 2001 a condition of Local Authorities commitment to pay the one years levy was that a Working Group be established to examine the fundamental duties and obligations of COSLA and report back to the Convention Meeting of 29 June 2001.

5. COSLA REVIEW

The COSLA Review Group established at the March 2001 Convention consisted of 13 members both Officer and Elected Members, including Elected Members from every major political party and from the Independent Group on COSLA.

The Review Group's report contained 30 recommendations designed to resolve the current budgetary position within COSLA, to ensure a sharper focus for COSLA's work and to provide long term stability for the organisation. The Review Group conducted a consultation survey of all member councils of COSLA to be returned by Friday 25 May 2001. The return from Dundee City Council was completed by the Leader of the Administration and issued to all political groups and the independent member with a

minority view being expressed by the major opposition within Dundee City Council in regard to the financial context. A copy of the response is attached as Appendix 1.

5.1 **Review Group Findings**

The Review Group produced a report with 30 recommendations designed to resolve the current budgetary position; ensure a sharper focus for COSLA's work; and to provide long term stability for the organisation. The report was presented to a meeting of the Convention on 29 June 2001 where the Chief Executive of COSLA presented the Convention with an implementation plan detailing the political and executive tasks necessary to put in place the recommendations of the Review, including the proposed timetable, to culminate in a convention meeting on 28 September 2001 at which new structures and working methods could be finalised.

The Convention unanimously agreed to progress the review. The meeting agreed that Councils should reaffirm their commitment to COSLA as the national representative body for Councils in Scotland; approved the recommendations in the report (COSLA Review 2001) as the basis for securing financial stability within COSLA in establishing the framework for the organisation's strategic direction and operational management; endorsed the implementation plan presented by the Chief Executive on the timescales detailed in the plan, with priority being given to implementing appropriate organisational and staffing arrangements and preparing a detailed strategic work programme for the next 18 months including the establishment of task groups in key areas; instructed the Chief Executive to consult fully with the staff in COSLA and to implement the organisational and staffing arrangements in line with approved staffing policies and procedures; and asked the Review Group to continue to meet for a further 3 months to oversee the development of the implementation plan and to act as a "sounding board" for the Chief Executive.

The meeting also requested that a copy of the Review Group's report be sent to Falkirk, Clackmannanshire and Glasgow, asking them to reconsider their position on membership of COSLA in the light of the reports findings and that any subsequent discussions with those Councils involve the Chair of the Review Group; and agreed that a meeting of the Convention be held on 28 September 2001 which would approve the necessary constitutional changes arising from the recommendations of the Review Group.

5.2 **Review Group Recommendations**

A complete copy of the review group report including a summary of the consultation exercise and the rationale in arriving at the 30 recommendations has been made available to Group Secretaries and within the Councillor's lounge. However there are a number of specific recommendations that are of particular interest to Dundee City Council's future participation within COSLA and these are examined in more detail below.

R3: The COSLA levy should be increased by a further 3.6% in 2001/02 and thereafter in line with the overall local government settlement.

It was the review group's views supported by the results of the consultation exercise that the COSLA levy should be increased in line with the overall local government settlement each year. As well as allowing consistent budgetary provision for COSLA over the three years from 2001/02 to 2003/04 this proposal has added benefit of allowing local councils to plan for that increase within their budgetary processes. The 3.6% increase required in 2001/02 in Dundee's case amounts to approximately £2,499. It should be noted that these increases would not meet the original shortfall in COSLA's

projected budget as an increase in levy to address this would have meant a rise of over 31% and this was not considered a realistic option. The report therefore suggests a number of income generation and cost reduction measures that are addressed throughout the report.

R4 The three Councils which are no longer members of COSLA should be required to contribute financially to the employers organisation in 2001/02.

R5: The legal issues surrounding the relationship between COSLA and the Scottish Joint Council should be resolved as soon as possible.

The Scottish Joint Council covers all local government employees in Scotland, other than those employees covered by other national negotiating machinery. In terms of membership of the Scottish Joint Council, the constitution stipulates that each local authority will be represented and that the employers representative will be appointed by COSLA. This gave rise to two issues namely the legal rights of councils that are no longer in membership of COSLA to be represented on the Scottish Joint Council and what payments (if any) the three councils should make to the employers organisation. Given the review group's views that a concerted effort should be made to persuade the three councils to rejoin COSLA it was not felt appropriate to pursue the legal issues to a conclusion until the Convention and the three councils had an opportunity to consider the review group's report. All three councils are prepared to contribute towards the costs of the Scottish Joint Council and COSLA's employers role and these contributions would represent a viable source of income to COSLA and the review group viewed that this should be accepted for this financial year **only**.

The review group accepted that a number of councils expressed the view that councils leaving COSLA should no longer be able to enjoy the benefits of membership of any element of the service which COSLA provides. COSLA has obtained initial legal advice on the matter as refers to Scottish Joint Council and it appears to be the case that membership of COSLA may not necessarily be needed for councils being members of the Scottish Joint Council. However COSLA may seek to amend the constitution of the Scottish Joint Council to exclude the three councils from membership or it may decide on a different course of action.

It is the hope of the review group that the matters will be resolved by the three councils rejoining, thus alleviating the need for any further legal deliberations.

This is obviously an interim position for 2001/02 depending upon the outcome of the COSLA Chief Executive's implementation plan and the position adopted by the three councils who are currently not members. It should also be pointed out that the constitution of the new negotiations body which is being established to discuss teachers pay and conditions of service states that members will be drawn from the Convention of Scottish Local Authorities, the Scottish Executive and organisations representing teachers.

R12 All Councils in membership of COSLA should pay a subscription comprising a fixed minimum sum, with the remainder of the levy being determined as before on the basis of population

R13: The new arrangement should be introduced on a phased basis, as follows; a fixed sum of £10,000 in 2002/03, £15,000 in 2003/04 and £20,000 in 2004/05 and thereafter.

Currently the seven largest councils contribute almost 48.4% of the total cost of COSLA with the remaining 22 councils contributing 51.6%. As COSLA has become more

inclusive since the mid 1990s the review group believed that there was a case for the cost of membership of COSLA to be shared more equitably. To this end a revised scheme of levy structure whereby subscription would comprise a fixed minimum sum with the remainder of the levy being determined as before on the basis of population would be introduced. In regard to Dundee City Council's contribution the effect is broadly neutral with the levy payable under the revised proposals detailed below:

	2002/03	2003/04
Levy apportioned on revised basis	79,379	83,172

R16: A detailed work programme should be prepared to guide work priorities in COSLA

The review group believed that the finance and personnel issues represented the key areas in which member councils wished to see progress and that what was needed was preparation of a detailed work programme measuring political priorities against available resources. This programme will be prepared for the Convention meeting in September.

R17: Much greater use should be made in future of the task group and lead authority ways of working.

R18: Councils must give a commitment to making the task group model work

The review group recommended a more extensive and a more focussed use of the task group model with a significant proportion of the core COSLA work programme undertaken through task groups formed for specific tasks. These would be time limited and would report to the Leader's Meeting and/or the full Convention.

A number of councils supported the task group model in the consultation response with others suggesting the lead authority approach as a variant. A council with an expertise or special interest in a particular policy issue would be asked by COSLA to bring together a number of councils to prepare a collective, local government response. Similarly, any council, with the support of others, would be able to propose the initiation of a task group reporting back to COSLA. Such approaches would have the added advantage of sharing good practice amongst councils.

However it was recognised for this revised approach to work there must be complete commitment to it from member councils with an active involvement of elected members and senior officials in councils throughout Scotland prepared to devote sufficient time to make it a success. In order to facilitate this approach the review group considered that a review of current working arrangements in COSLA should urgently be carried out with considerable scope for rationalisation of existing task groups with the freeing up of resources and more focussed activity and greater political oversight and direction.

R19: A revised organisational structure should be introduced, based on three teams (Finance, Personnel Resources and Policy and Legislation). The Chief Executive should take direct responsibility for Communications.

R20: A staffing complement of 35 posts should be authorised. This should be implemented in a phased way to ensure that budget control requirements are met.

R21: A staffing and grading review should be completed as a matter of urgency, utilising where necessary external resources.

In taking into account the financial situation of COSLA the review group has analysed income raising opportunities and cost reduction measures and proposed a new structure for the organisation. This involves a reduction to flatter structures with an inherently greater degree of delegation throughout the organisation, a substantial reduction in the staff posts from the current number of 49 established posts of which 43 are currently occupied being reduced to 35. There would be no significant changes in either the finance or personnel resources teams but there would be a merger of the corporate strategy and service development teams resulting in the integrated policy capacity and a new policy and legislation team.

R22: Whenever a formal division on an issue takes place within the Convention, the absence of complete unanimity within COSLA on the matter in question should be acknowledged in media releases.

The review group accepted that COSLA represents the voice of Scottish local government as a whole, but where there is a difference of view within COSLA on points of principle in relation to the initial effect on local government, they should be recorded and acknowledged publicly when comment is being made on COSLA's behalf.

R24: The Convention should, before the next local government elections, review the eligibility to vote for the Vice-President's post reserved for a minority representative.

The review group felt that in relation to future elections for the Vice-President's post which is reserved for a representative "who is not a member of the political group of coalition which forms the majority in the convention", consideration should be given to restricting the franchise to whose representatives in the convention who affiliation lies outwith that majority.

R25: The Convention should, before the next local government elections, review the basis of voting at the Leaders' Meetings.

Although the Leaders' Meetings have always sought to proceed by consensus, and that will continue to be the case, on occasion points of principle arise which may call for a formal division. Under the current arrangements then the basis for decision making is one council leader one vote. The review group felt that there was case to be made if voting at the Leaders' Meeting, on the rare occasions on which it was proved unavoidable, should also be on a weighted basis, more closely mirroring arrangements for the full convention itself.

R27: Spokespersons should be appointed to chair Executive Groups in the following areas:

- *Community Planning*
- *21st Century Government*
- *Continuous Improvement*
- *Finance*
- *Personnel Resources*
- *Education, Arts and Leisure*
- *Social Services and Health Improvement*
- *Environment and Sustainability*
- *Economic Development and Planning*
- *Roads and Transportation*
- *Housing*

- Community Safety and Protection

Dissatisfaction has been expressed with the present 22 spokespersons model and the operation of associated network arrangements has been described as patchy. Where the networks have been operating well this has promoted a sense of inclusiveness and is therefore proposed to streamline arrangements. The review group therefore proposed that with appropriate regard to experience and current responsibilities and to balance, spokespersons be appointed to chair executive groups in all the above areas. It is proposed the executive groups would normally meet around three times per year, make recommendation on policy matters to the convention and Leaders' Meeting as appropriate.

6. CONCLUSION

In a relatively short period of time the review group has undertaken a comprehensive review of the structure and operations of COSLA and recommended a number of measures that will address many of the problems perceived by local councils in Scotland in regard to the organisation's operation.

The proposals are designed to allow COSLA to operate more efficiently and effectively with a flatter structure to reflect the views of all sectors of local government throughout Scotland while at the same time operating within budget parameters that are the common currency within all of local government in Scotland.

Chief Executive Date

RECOMMENDATIONS OF THE REVIEW GROUP:

- R1: COSLA brings a special insight into the service and community issues which affect Councils right across Scotland and local authorities should support the need for COSLA's voice to be strong and effective.
- R2: Following the publication of this report and conditional on its broad acceptability to the Convention, Glasgow City, Falkirk and Clackmannanshire Councils should be invited to consider rejoining COSLA.
- R3: The COSLA levy should be increased by a further 3.6% in 2001/02 and thereafter in line with the overall local government settlement.
- R4: The three Councils which are no longer members of COSLA should be required to contribute financially to the employers' organisation in 2001/02.
- R5: The legal issues surrounding the relationship between COSLA and the Scottish Joint Council should be resolved as soon as possible.
- R6: COSLA should continue to occupy Rosebery House for the time being, while keeping the position under review, and should attempt to increase income from the conference suite, allocate car parking spaces and any other opportunities which arise.
- R7: With a view to securing improved efficiency and economy, a review of the work of individual Councils, their involvement in regional consortia and COSLA on European matters, should be undertaken and reported on by the end of 2001.
- R8: A review of the relationship between COSLA and SLGIU, with a view to securing improved efficiency and economy, should be undertaken and reported on by the end of 2001.
- R9: The recommendations in relation to Quality Scotland are:
- The improvement/QSF membership levy be collected for the current financial year as before
 - COSLA should pay the block membership on behalf of all Councils to QSF and serve notice that it intends to discontinue its governing body membership of QSF
 - COSLA should canvass Councils for an indication of whether they would elect to join QSF and pay a subscription "in their own right" should no block membership arrangements automatically be available through COSLA in future years. If a majority of Councils indicated that they intended to continue their membership of QSF, then COSLA would enter into negotiations with QSF to continue the discounted membership fee for Councils, with COSLA acting as a clearing house for payment which would be clearly understood to be separate from, and additional to, any future COSLA levy.
 - For financial year 2002/03 and beyond, the improvement element of the current quality supplement levy (50%) should be consolidated into the basic COSLA levy for all Councils to help fund COSLA's general improvement activity support for Councils, with a single sum being invoiced and received by COSLA as the new composite levy. It would be a matter for Councils to decide individually whether to use the remaining 50% to joint QSF, to redeploy it for other purposes or to take it as a saving

- The COSLA Excellence Awards arrangements should be reviewed to seek to move as quickly as possible to a completely self financing basis (with a reduction on expenditure on hospitality and maximising the use of the awards as a vehicle for securing continuous improvement within Councils) thus assisting with the overall COSLA budgetary position.
- R10: COSLA should continue its membership of LACOTS.
- R11: A review of miscellaneous costs should be carried out, by the end of 2001, with a view to achieving a saving of £25,000.
- R12: All Councils in membership of COSLA should pay a subscription comprising a fixed minimum sum, with the remainder of the levy being determined as before on the basis of population.
- R13: The new arrangement should be introduced on a phased basis, as follows; a fixed sum of £10,000 in 2002/03, £15,000 in 2003/04 and £20,000 in 2004/05 and thereafter.
- R14: A three year budget should be agreed for COSLA and Councils should be requested to approve the subscription levels as detailed in Appendix 4.
- R15: Councils should pay 10% of the 2002/2003 levy in January 2002 to assist COSLA's cash flow. If necessary, this should be repeated in January 2003.
- R16: A detailed work programme should be prepared to guide work priorities in COSLA
- R17: Much greater use should be made in future of the task group and lead authority ways of working.
- R18: Councils must give a commitment to making the task group model work
- R19: A revised organisational structure should be introduced, based on three teams (Finance, Personnel Resources and Policy and Legislation). The Chief Executive should take direct responsibility for Communications.
- R20: A staffing complement of 35 posts should be authorised. This should be implemented in a phased way to ensure that budget control requirements are met.
- R21: A staffing and grading review should be completed as a matter of urgency, utilising where necessary external resources.
- R22: Whenever a formal division on an issue takes place within the Convention, the absence of complete unanimity within COSLA on the matter in question should be acknowledged in media releases.
- R23: A period of notice of intended withdrawal from COSLA of not less than twelve months should be required of member Councils.
- R24: The Convention should, before the next local government elections, review the eligibility to vote for the Vice-President's post reserved for a minority representative.
- R25: The Convention should, before the next local government elections, review the basis of voting at the Leaders' Meetings.
- R26: Leaders' Meetings should remain located in the COSLA offices and should be clearly

focussed on business to be transacted.

- R27: Spokespersons should be appointed to chair Executive Groups in the following areas:
- Community Planning
 - 21st Century Government
 - Continuous Improvement
 - Finance
 - Personnel Resources
 - Education, Arts and Leisure
 - Social Services and Health Improvement
 - Environment and Sustainability
 - Economic Development and Planning
 - Roads and Transportation
 - Housing
 - Community Safety and Protection
- R28: Where short life Task Groups are established by COSLA, based on the lead authority model, their Chairs should, for the duration of their Group's working life, carry out a COSLA Spokesperson role in relation to matters wholly within their Group's remit.
- R29: There should be established within COSLA an Audit Committee comprising representatives of a cross section of Councils, being in the main a mix of Finance Chairs and "backbenchers", supported by a small number of Council Directors of Finance and Chief Executives. Most other current functions of the General Purposes Group should be subsumed by the Leaders' Meeting, although further consideration will have to be given on how staffing related matters should be handled.
- R30: There should be established within COSLA an Emergency Powers Group comprising the President, Vice-Presidents and Leaders of COSLA's political groupings.