

461st meeting of the Accounts Commission for Scotland
Thursday 10 October 2019, 10.15am
in the offices of Audit Scotland, 102 West Port, Edinburgh

Agenda

1. **Apologies for absence.**
2. **Declarations of interest.**
3. **Decisions on taking business in private:** The Commission will consider whether to take items 12 to 15 in private (* see note).
4. **Minutes of meeting of 12 September 2019.**
5. **Minutes of meeting of Financial Audit and Assurance Committee of 26 September 2019.**
6. **Minutes of meeting of Performance Audit Committee of 26 September 2019.**
7. **Audit Scotland Board update:** The Commission will consider a report by the Secretary to the Commission.
8. **Update report by the Secretary to the Commission:** The Commission will consider a report by the Secretary to the Commission.
9. **Update report by the Controller of Audit:** The Commission will consider a verbal report by the Controller of Audit.
10. **National Scrutiny Plan:** The Commission will consider a report by the Director of Performance Audit and Best Value.
11. **Best Value Assurance Report: Scottish Borders Council:** The Commission will consider a report by the Controller of Audit.

The following items are proposed to be considered in private:

12. **Best Value Assurance Report: Scottish Borders Council:** The Commission will consider the actions it wishes to take.
13. **Audit appointments and new Code of Audit Practice - update:** The Commission will consider a report by the Secretary to the Commission.
14. **Housing benefit performance audit - annual review:** The Commission will consider a report by the Director of Audit Services.
15. **Commission business matters:** The Commission will discuss matters of interest.

* It is proposed that items 12 to 15 be considered in private because:

- Item 12 requires the Commission to consider actions in relation to a report by the Controller of Audit. The Commission is then obliged by statute to inform the council in question of its decisions, which the Commission does before making the decision public.
- Item 13 requires the Commission to consider confidential policy, business and commercial matters.
- Item 14 proposes a draft audit report which the Commission is to consider in private before publishing.
- Item 15 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers

The following papers are enclosed for this meeting:

Agenda Item	Paper number
Agenda Item 4: Minutes of meeting of 12 September 2019	AC.2019.9.1
Agenda Item 5: Minutes of FAAC meeting of 26 September 2019	AC.2019.9.2
Agenda Item 6: Minutes of PAC meeting of 26 September 2019	AC.2019.9.3
Agenda Item 7: Report by Secretary to the Commission	AC.2019.9.4
Agenda Item 8: Report by Secretary to the Commission	AC.2019.9.5
Agenda Item 10: Report by Director of Performance Audit and Best Value	AC.2019.9.6
Agenda Item 11: Report by Controller of Audit	AC.2019.9.7
Agenda Item 13: Report by Secretary to the Commission	AC.2019.9.8
Agenda Item 14: Report by Director of Audit Services	AC.2019.9.9

MEETING: 10 OCTOBER 2019

MINUTES OF PREVIOUS MEETING

Minutes of the 460th meeting of the Accounts Commission held in the offices of Audit Scotland at 102 West Port, Edinburgh, on Thursday 12 September 2019, at 10.00am.

PRESENT: Graham Sharp (Chair)
Andrew Burns
Andrew Cowie
Sophie Flemig
Sheila Gunn
Elma Murray
Christine Lester
Tim McKay
Stephen Moore
Sharon O'Connor
Pauline Weetman
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Carol Calder, Senior Manager, Performance Audit and Best Value (PABV) (Item 9)
Graeme Greenhill, Senior Manager, PABV (Item 8)
Derek Hoy, Senior Auditor, PABV (Item 8)
David Love, Senior Auditor, PABV (Item 9)
Mark McCabe, Audit Manager, PABV (Item 10)
Rebecca Seidel, Audit Manager, PABV (Item 7)
Claire Sweeney, Audit Director, PABV (Items 9 and 10)
Mark Roberts, Audit Director, PABV (Item 7)
Claire Tennyson, Audit Officer, PABV (Item 9)
Sally Thompson, Audit Manager, PABV (Item 8)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Decisions on taking business in private
4.	Minutes of meeting of 8 August 2019
5.	Update report by the Secretary to the Commission
6.	Update report by the Controller of Audit
7.	Financial powers and EU withdrawal: six monthly update
8.	Performance audit: draft report: City and growth deals (in private)
9.	Local government overview – challenges and performance 2020: scope_(in private)
10.	Strategic scrutiny update (in private)
11.	Commission business matters

1. Apologies for absence

It was noted that there were no apologies for absence.

2. Declarations of interest

The following declarations of interest were made:

- Andrew Burns, in item 8, as a former Leader of City of Edinburgh Council.
- Elma Murray, in item 8, as a former Chief Executive of North Ayrshire Council.
- Geraldine Wooley, in item 7, since a close relative is a member of the UK Parliament's Scottish Affairs Committee.

3. Decisions on taking business in private

It was agreed that items 8 to 11 be considered in private because:

- Item 8 proposes a draft performance audit report which the Commission is to consider in private before publishing.
- Item 9 requires the Commission to discuss the scope of an overview report which may require consideration of confidential policy matters in advance of audit work and subsequent publication.
- Item 10 requires the Commission to discuss confidential policy matters.
- Item 11 may be required if there are any confidential matters that require to be discussed outwith the public domain. The Chair will inform the meeting in public at the start of the meeting if this item is required and what it covers.

No business was notified by members for item 11 and thus the Chair advised that the item would not require discussion.

4. Minutes of meeting of 8 August 2019

The minutes of the meeting of 8 August 2019 were approved as a correct record, subject to revising Geraldine Wooley's declaration of interest to apply to item 12.

Arising therefrom, the Commission noted advice from the Secretary in relation to item 8 that members' interest in acting as mentors for the members of the Inform 100 youth panel was still welcome. In response, Andrew Burns, Sophie Flemig, Sheila Gunn, Elma Murray, Geraldine Wooley all confirmed their interest.

Action: Secretary and Director of PABV

5. Update report by the Secretary to the Commission

The Commission considered a report by the Secretary providing an update on significant recent activity relating to local government and issues of relevance or interest across the wider public sector.

During discussion, the Commission:

- In relation to paragraph 11, agreed to the suggestion from Andrew Cowie that the Commission consider its risk response in relation to drug and alcohol policy when it considers a paper in this regard at its meeting in November.

Action: Director of PABV and Secretary

- Further in this regard, noted advice from Graham Sharp that the Strategic Scrutiny Group would also be giving consideration to this policy area in terms of possible work collaboration.
- In relation to paragraph 43, noted advice from the Secretary, in response to a query from Stephen Moore, that the Commission can consider how inequalities features in its work programme when it considers the paper on risk response at its meeting in November.

Following discussion, the Commission agreed to note the report.

6. Update report by the Controller of Audit

The Commission noted a verbal update from the Secretary on the Controller of Audit's recent activity.

7. Financial powers and EU withdrawal: six monthly update

The Commission considered a report by the Director of PABV providing an update on key developments surrounding financial devolution and constitutional change.

During discussion the Commission agreed:

- In relation to a query from Sheila Gunn, that the Director provide graphics-based summaries of Scottish Fiscal Commission forecasts that are available.

Action: Audit Director

- In relation to a query from Graham Sharp, to note its continuing interest in the length and detail of any Scottish local government budget settlement.
- In relation to a query from Sheila Gunn on the accounting implications of delayed housing benefit payments, to note advice from the Audit Director that he would liaise in this regard with the team leading the Commission's housing benefit performance audit work.

Action: Audit Director

Following discussion the Commission noted the report.

8. Performance audit: draft report: City and growth deals [in private]

The Commission considered a report by the Director of PABV seeking approval of the draft performance audit report *City and growth deals*, and of proposed arrangements for publication and promotion of the report.

Following discussion, the Commission agreed:

- To approve the draft report, subject to the audit team considering in conjunction with the sponsors of the report, Andrew Burns and Pauline Weetman, points raised in discussion.
- To approve the publication and promotion arrangements for the report.

Actions: Director of PABV and Secretary

9. Local government overview – challenges and performance 2020: scope [in private]

The Commission considered a report by the Director of PABV proposing the scope to be covered by the *Local government overview - challenges and performance 2020* report.

Following discussion, the Commission agreed to:

- Approve the scope of work for the *Local government overview - challenges and performance 2020* report, subject to the report team reflecting in the scope, in conjunction with the sponsors Graham Sharp and Elma Murray, points raised in discussion.
- Approve for publication the scope flyer for the report.

Action: Director of PABV

10. Strategic scrutiny update (in private)

The Commission considered a report by the Director of PABV updating the Commission on the work of the Strategic Scrutiny Group.

Following discussion, the Commission agreed to:

- Note the report
- Note that the Director will report back to the Commission on the National Scrutiny Plan.

Action: Director of PABV

11. Commission business matters

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 10 OCTOBER 2019

**MINUTES OF MEETING OF FINANCIAL AUDIT AND ASSURANCE COMMITTEE OF
26 SEPTEMBER 2019**

Minutes of meeting of the Financial Audit and Assurance Committee of the Accounts Commission held in the offices of Nelson Mandela Place, Glasgow on Thursday 26 September 2019 at 10.00am.

PRESENT: Pauline Weetman (Chair)
Andrew Burns
Sheila Gunn
Tim McKay
Elma Murray
Graham Sharp
Geraldine Wooley

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Controller of Audit
Fiona Kordiak, Director, Audit Services (Item 4)
Elaine Boyd, Associate Director, Audit Quality and Appointments (AQA) (Item 6)
John Gilchrist, Audit Manager, AQA (Item 6)
Anne MacDonald, Senior Audit Manager, Audit Services (Item 4)
Owen Smith, Senior Manager, AQA (Item 6)

<u>Item No</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 25 April 2019
4.	Current issues in councils
5.	Intelligence from Ombudsman – six monthly update
6.	Draft refreshed audit quality framework
7.	Any other business

1. Apologies for absence

It was noted that apologies for absence had been received from Sharon O'Connor.

2. Declarations of interest

The following declaration of interest was made:

- Geraldine Wooley, in item 4, as a taxpayer in Fife and a member of Fife Valuation Appeals Committee (in relation to references to Fife Council) and as a member of the Royal Institution of Chartered Surveyors (in relation to estates matters).

3. Minutes of meeting of 25 April 2019

The minutes of the meeting of 25 April 2019 were noted, having previously been approved as a correct record by the Commission.

4. Current audit issues in councils

The Committee considered a report by the Controller of Audit on emerging issues and recurring themes, as well as individual issues of interest, in Scottish councils.

During discussion, the Committee agreed:

- To note advice from the Director of Audit Services that, in relation to recent appointments, since the report had been published it had been announced that Angela Leitch, current Chief Executive of East Lothian Council, had been appointed as the new Chief Executive of Public Health Scotland, and Cleland Sneddon, current Chief Executive of Argyll and Bute Council, had been appointed as the new Chief Executive of South Lanarkshire Council.
- To note advice from the Director of Audit Services that the accounts of Dundee Integration Joint Board and Glasgow and Clyde Valley Strategic Planning Authority would not be signed by the required deadline of 30 September, due to circumstances beyond the auditors' control.
- To note further advice from the Director in this regard that she would advise the Committee in due course of any further local authorities where accounts are not signed off by the deadline.

Action: Director of Audit Services

- To note advice from the Director of Audit Services that the auditor for Renfrewshire Council will state a modified audit opinion on the accounts, and those accounts would not be signed off by the required deadline of 30 September.
- To note advice from the Controller of Audit in this regard that he was continuing to monitor progress in this matter, and would update the Commission as appropriate.

Action: Controller of Audit

- To note advice from the Controller of Audit that he was continuing to monitor how Midlothian Council is proceeding with implementing an action plan arising from the Council's consideration of the Best Value Assurance Report on the Council which had been published on 4 July, progress on which he anticipated would be reported in the external auditor's annual audit report.
- To note advice from the Director of Audit Services, in response to a query from Sheila Gunn, that she would investigate the length of payback periods for

council voluntary severance schemes and update the Committee as appropriate.

Action: Director of Audit Services

- That the Controller of Audit consider reporting formally to the Commission on the progress made by Glasgow City Council in relation to the settling of equal pay claims.

Action: Controller of Audit

- In relation to the impact of the McLeod ruling on local government pension schemes, to note advice from the Controller of Audit that the matter would feature in the pension supplement of the local government financial overview report, and that he would continue to update the Committee on the matter as appropriate.

Action: Controller of Audit

Following discussion, the Committee noted the report.

5. Intelligence from Ombudsman – six monthly update

The Committee considered a paper by the Secretary providing intelligence about councils from various sources including: correspondence to Audit Scotland, the Scottish Public Sector Ombudsman, the Standards Commission for Scotland, and the Scottish Information Commissioner.

Following discussion, the Committee:

- Noted advice from the Secretary that he would be liaising with the Commissioner for Ethical Standards in Public Life in Scotland on reporting appropriate information to the Committee.
- Noted the report.

6. Draft refreshed Audit Quality Framework

The Committee considered a report providing an update on the ongoing review by Audit Quality and Appointments of the Audit Quality Framework and seeking endorsement of a revised Audit Quality Framework.

During discussion, the Committee agreed:

- To endorse the proposed changes to audit quality reporting, subject to a sufficiently comprehensive report being provided to the Committee with information currently contained in the discontinued Q3/Q4 report.
- To endorse the proposed changes to key performance indicators, subject to the following:
 - In relation to the proposed removal of indicator P9 (diversity), to note its desire for a continuing reporting of Audit Scotland and firms' employee diversity data.
 - Further in this regard to note advice from the Director that she would give further consideration on how to progress this matter.

Action: Director, Audit Quality and Appointments

- In relation to the proposed removal of indicator IM19 (narrative examples of achievement of wider scope dimensions), to note

advice from the Controller that such narrative is an important feature of annual audit reports and the Annual Assurance and Risks report.

- In relation to indicator P5 (percentage of staff with CCAB qualifications), that the Director consider how to report on the use of specialised staff by audit providers.

Action: Director, Audit Quality and Appointments

- In relation to indicator R16 (percentage of performance audit reports issued on time), that such data reflect the distinction between performance audits and BVARs, and also that the Director consider how a future approach to auditing Best Value is reflected.

Action: Director, Audit Quality and Appointments

- That the Director consider how to report on high level messages in audit firms' individual transparency reports.

Action: Director, Audit Quality and Appointments

- In relation to stakeholder feedback:

- That further thought be given by the Commission, in considering the refresh of its Strategy, to developing the profile and presentation of examples of good practice in its work.

Action: Secretary

- To note advice from the Director that further consideration of the approach to stakeholder feedback would be considered by the Committee at its November meeting.

Action: Director, Audit Quality and Appointments

- To endorse the revised Audit Quality Framework, subject to incorporating some revisions raised in discussion.

Action: Director, Audit Quality and Appointments

7. Any other business

The Chair, having advised that there was no business for this item, closed the meeting.

MEETING: 10 OCTOBER 2019

MINUTES OF MEETING OF PERFORMANCE AUDIT COMMITTEE OF 26 SEPTEMBER 2019

Minutes of meeting of the Performance Audit Committee of the Accounts Commission held in the offices of held in the offices of Nelson Mandela Place, Glasgow on Thursday 26 September 2019, at 2.00pm

PRESENT: Elma Murray (Chair)
Andrew Cowie
Sophie Flemig
Christine Lester (by video link)
Stephen Moore
Graham Sharp

COMMISSION MEMBERS
ALSO PRESENT: Andrew Burns (Items 5 and 6)
Pauline Weetman
Geraldine Wooley (Items 5 and 6)

IN ATTENDANCE: Paul Reilly, Secretary to the Commission
Fraser McKinlay, Director of Performance Audit and Best Value (PABV)
Kate Berry, Senior Auditor, PABV (Item 6)
Elaine Boyd, Audit Director, Audit and Quality Assurance (AQA) (Item 7)
Antony Clark, Audit Director, PABV (Item 5)
John Gilchrist, Audit Manager, AQA (Item 7)
Leigh Johnston, Senior Manager, PABV (Item 8)
Mark MacPherson, Senior Manager, PABV (Item 9)
Jillian Matthew, Senior Manager, PABV (Item 8)
Tricia Meldrum, Senior Manager, PABV (Item 5)
Mark Roberts, Audit Manager, PABV (Item 9)
Rebecca Smallwood, Senior Auditor, PABV (Item 5)
Owen Smith, Senior Manager, AQA (Item 7)
Claire Sweeney, Audit Director, PABV (Items 6 and 8)
Rikki Young, Business Manager, PABV (Item 4)

<u>Item no.</u>	<u>Subject</u>
1.	Apologies for absence
2.	Declarations of interest
3.	Minutes of meeting of 26 September 2019
4.	Work programme update
5.	Performance audit: emerging messages – Early learning and childcare follow-up
6.	Performance audit: emerging messages - Affordable housing
7.	Audit quality framework review
8.	Policy cluster briefing: Health, care and communities
9.	Policy cluster briefing: Justice, education and lifelong learning
10.	Any other business

1. Apologies for absence

It was noted that no apologies for absence had been received.

2. Declarations of interest

No declarations of interest were made.

3. Minutes of meeting of 20 June 2019

The minutes of the meeting of 20 June 2019 were noted, having previously been approved as a correct record by the Commission.

4. Work programme update

The Committee considered a report by the Director of PABV on progress with work programme development and performance audit work carried out on behalf of the Accounts Commission and Auditor General.

During discussion, the Committee:

- Noted advice from the Director that a publication date for the performance audit *Revenue financing of assets: the Non-profit distributing and hub models* was not yet established.
- Noted advice from the Director on moratorium arrangements around any General Election.
- Noted advice from the Director that he would update the Committee at its next meeting on progress with an impact report for the previously published performance audit *Equal pay in councils*.

Action: Director of PABV

- Noted advice from the Committee Chair that she had been liaising with Audit Scotland staff overseeing community empowerment, and had agreed that:
 - She would convene an internal advisory group on community empowerment consisting herself, Geraldine Wooley and Sophie Flemig, which will liaise with the Strategic Scrutiny Group's advisory group in this regard.

Action: Director of PABV

- She would discuss with the team responsible for the Local Government Overview report, in her role as sponsor, about the potential of a theme in the report around community empowerment
- She had proposed to the Secretary that community empowerment be considered for work as part of the refresh of the work programme, to be considered by the Commission in November.

Action: Secretary and Director of PABV

- Noted advice from the Secretary that he had been discussing with the Director how to develop this report so that it provides an update across the work programme – and thus reported to both Commission committees – and also reports on promotional activities associated particularly with performance audits, upon which he would report to a future meeting.

Action: Secretary and Director of PABV

Following discussion, the Committee noted the report.

5. Performance audit: emerging messages – Early learning and childcare - follow-up

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, jointly with the Auditor General, *Early learning and childcare: follow up*.

Following discussion, the Committee:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Sophie Flemig and Geraldine Wooley, the matters raised in discussion.
- Agreed to consider a draft report at its meeting in December 2019.

Actions: Director of PABV and Secretary

- Agreed to consider public health and wellbeing as themes in future refreshes of the work programme.

Action: Director of PABV and Secretary

6. Performance audit: emerging messages - Affordable housing

The Committee considered a report by the Director of PABV proposing the emerging messages for the performance audit, jointly with the Auditor General, *Affordable housing*.

Following discussion, the Committee:

- Agreed the emerging messages, subject to the audit team addressing in conjunction with the audit sponsors, Andrew Burns and Stephen Moore, the matters raised in discussion.
- Agreed to consider a draft report at its meeting in February 2020.

Actions: Director of PABV and Secretary

- Noted that the current work programme features a future performance audit on housing for older people.

7. Draft refreshed Audit Quality Framework

The Committee considered a report providing an update on the ongoing review by Audit Quality and Appointments of the Audit Quality Framework and seeking endorsement of a revised Audit Quality Framework.

During discussion, the Committee agreed:

- To note the points in this regard raised by the Financial Audit and Assurance Committee at its earlier meeting.
- To endorse the proposed changes to audit quality reporting, subject to a sufficiently comprehensive report being provided to the Committee with information currently contained in the discontinued Q3/Q4 report.
- To endorse the proposed changes to key performance indicators.
- In relation to stakeholder feedback:
 - To note advice from the Director that she would liaise with the consultant to discuss how to encourage a higher level of feedback

from audited bodies, and in doing so will emphasise the value that the Commission places in sector-specific feedback.

- That further thought be given by the Commission, in considering the refresh of its Strategy, to developing the profile and presentation of examples of good practice in its work.

Action: Secretary

- To note advice from the Director that further consideration of the approach to stakeholder feedback would be considered by the Committee at its November meeting

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query by Stephen Moore, that she would provide an update on the progress made by Audit Scotland and firms on staff feedback, as featured in the 2019 Audit Quality report.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Sophie Flemig, that she would be further investigating issues around the correlation of audit team continuity with client satisfaction.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Elma Murray, that she would be further investigating the difference across sectors in clients' views about how audit plans reflect best value and value-for-money issues.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Christine Lester, that she would discuss with the consultant how to distinguish feedback from integration joint boards.

Action: Director, Audit Quality and Appointments

- In relation to the Audit Quality Framework:

- To endorse the framework, subject to a revision raised in discussion being incorporated into the framework.
- To endorse the revision points agreed by the Financial Audit and Assurance Committee at its earlier meeting.

Action: Director, Audit Quality and Appointments

- To note advice from the Director, in response to a query from Andrew Cowie, that she would report further to the Committee on progress with developing a complaints process for audited bodies (to be incorporated into the Audit Quality Framework).

Action: Director, Audit Quality and Appointments

8. Policy briefing: Health, care and communities

The Committee considered a report by the Director of PABV introducing a briefing for the health, care and communities policy cluster.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Stephen Moore, that he would consider how to feature NHS senior leader turnover in a proposed briefing to the Commission on leadership.

Action: Director of PABV

- Noted advice from the Director, in response to a query from Stephen Moore, on planned work by the Strategic Scrutiny Group on drug and alcohol policy and practice.

Action: Director of PABV

- Agreed that the Director consider how suicide prevention features in the work programme.

Action: Director of PABV

- Agreed that the Director consider how future audit activity around mental health links with work around wellbeing and community empowerment.

Action: Director of PABV

- Noted advice from the Secretary and Director, in response to a query from Stephen Moore, that the Commission would be considering an update on an approach to auditing Best Value in integration joint boards at its November meeting.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

9. Policy briefing: Justice, education and lifelong learning

The Committee considered a report by the Director of PABV introducing a briefing for the health, care and communities policy cluster.

During discussion, the Committee:

- Noted advice from the Director, in response to a query from Elma Murray, that matters associated with foster caring policy and looked-after children may feature across policy clusters.
- Noted advice from the Director, in response to a query from Stephen Moore, that scoping for the future performance audit on widening access to higher education would consider matters beyond entrance policy.
- Noted advice from the Director, in response to a query from Andrew Cowie, that scoping for future performance audits on digital policy and cyber resilience – both by the Commission and the Auditor General – would consider cross-sectoral issues.

Action: Director of PABV

- Noted advice from the Director, in response to a query from Stephen Moore, that scoping for the future performance audit on community justice would consider prison policy, including impact on families.

Action: Director of PABV

- Agreed that the Director consider how future audit activity around mental health links with work around wellbeing and community empowerment.

Action: Director of PABV

Following discussion, the Committee noted the briefing.

10. Any other business

The Chair advised members that she would like to discuss at a future meeting of the Committee how it makes use of policy cluster work in helping it fulfil its responsibilities.

Action: Secretary

The Chair, having advised that there was no further business for this item, closed the meeting.

MEETING: 10 OCTOBER 2019

REPORT BY: SECRETARY TO THE COMMISSION

AUDIT SCOTLAND BOARD UPDATE

Purpose

1. This report provides an update on the business of the Audit Scotland Board.

Background

2. Audit Scotland is established in statute to “provide such assistance and support as the Auditor General and the Accounts Commission require in the exercise of their respective functions and, in particular, is to provide them, or ensure that they are provided, with the property, staff and services which they require for the exercise of those functions”.¹
3. Audit Scotland (i.e. its Board) consists of the Auditor General, the Chair of the Commission, and three other members.² These three members, including a Chair, are appointed by the Scottish Commission for Public Audit.³
4. As well as being a member of Audit Scotland’s Board, the Commission Chair is also a member of its two committees, the Audit Committee and the Human Resources and Remuneration Committee.
5. In *Public Audit in Scotland*⁴, the Commission, the Auditor General and Audit Scotland set out how they together deliver public audit in Scotland. They state that “by working together and each fulfilling our distinct roles, the Auditor General, the Accounts Commission and Audit Scotland will ensure a strong system of public audit works to support transparency and promote improvement in the performance of public bodies.”
6. To this end, the Commission at its meetings considers for its interest the business of Audit Scotland Board.

Current Board business

7. This report provides the Commission with the latest available minutes from the meeting of the Audit Scotland Board, in this case the meeting of 5 June 2019. They are attached in Appendix 1.
8. The most recent meeting of the Board was on 18 September 2019, but the minute of this meeting is not yet publicly available as it is yet to be ratified by the Board. This will be available after the next Board meeting on 27 November 2019 and considered by the Commission at its December meeting.

¹ Public Finance and Accountability (Scotland) Act 2000, Section 10(3).

² Public Finance and Accountability (Scotland) Act 2000, Section 10(2).

³ The Scottish Commission for Public Audit was established under Section 12 of the Public Finance and Accountability (Scotland) Act 2000 and is made up of 5 MSPs. Its main areas of responsibility are to (a) examine Audit Scotland’s proposals for the use of resources and expenditure and report on them to the Parliament; (b) appoint an auditor to audit the accounts of Audit Scotland; (c) lay these accounts and auditor’s report before the Parliament; and (d) appoint three of the five members of Audit Scotland’s Board , including its Chair.

⁴ *Public Audit in Scotland*, Accounts Commission, Auditor General and Audit Scotland, May 2015.

9. The Commission has agreed however that the agenda for the most recent Board meeting be provided (even if the minute is not yet available). The agenda is attached in Appendix 2. The Chair will provide a verbal update on any relevant business for members' interest, and invites questions from members to this end.

Conclusion

10. The Commission is invited to consider this update for its interest and seek further information from the Chair as appropriate.

Paul Reilly
Secretary to the Commission
1 October 2019

Minutes



Wednesday 5 June 2019, 11.30am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

Present:

Ian Leitch (Chair)
Caroline Gardner
Graham Sharp
Heather Logan
Alan Alexander

Apologies:

None

In attendance:

Stuart Dennis, Corporate Finance Manager
Martin Walker, Assistant Director, Corporate Performance and Risk
Antony Clark, Audit Director, Performance Audit and Best Value
Peter Worsdale, Audit Manager/International Liaison Manager, Performance Audit and Best Value
Gayle Fitzpatrick, Corporate Governance Manager
Diane McGiffen, Chief Operating Officer
Elaine Boyd, Associate Director, Audit Quality and Appointments
Fiona Daley, Consultant, Audit Quality and Appointments
John Gilchrist, Manager, Audit Quality and Appointments
David Blattman, Human Resources and Organisational Development Manager
Simon Ebbett, Communications Manager
Bruce Stoddart, Senior Graphic Designer, Communications
Stuart Dennis, Corporate Finance Manager
Joy Webber, Senior Executive Assistant

1. Welcome and apologies

The Chair welcomed members and attendees to the meeting in public of the Audit Scotland Board, the agenda and papers for which had been published on Audit Scotland's website on Monday 3 June 2019.

2. Declarations of interest

There were no declarations of interest.

3. Decision on items to be taken in private

The Board agreed the items to be taken in private.

4. Chair's report – verbal update

The Chair provided a verbal update on meetings with Caroline Gardner and Diane McGiffen on general business matters and on preparations for the meeting with the Scottish Commission for Public Audit on 19 June 2019 to consider Audit Scotland's Annual report and accounts.

The Board welcomed the update.

5. Accountable Officer's report – verbal update

Caroline Gardner invited the Board to note recent sessions with the Public Audit and Post Legislative Scrutiny committee (PAPLS) on Scottish Income Tax on 6 May 2019, the Social Security Committee on 13 May 2019 together with the forthcoming discussion session on Planning for Outcomes on 6 June 2019.

Caroline invited members to note the planned publication of the Colleges Overview on 13 June 2019 and advised that the last session of PAPLS would take place on 27 June 2019 prior to Summer Recess.

Caroline advised the Board of a meeting with the Welsh National Assembly on 13 June 2019 to discuss their Public Audit (Wales) Act 2013 and the Scottish budget process. Caroline advised that Diane McGiffen, Chief Operating Officer and Mark Taylor, Audit Director, Audit Services would be attending the meeting.

Caroline advised the Board of her appointment to the University of Edinburgh Court and of her forthcoming interview in New York on 10 June 2019 for the IFAC Board, following her nomination by CIPFA.

Caroline invited the Board to note Fiona Kordiak's appointment as Chair of CIPFA Scotland, the Business Support Services team's Committed to Excellence accreditation and advised that the team will be attending the Quality Scotland Awards event on 19 June 2019 in Glasgow.

Following discussion, the Board welcomed the update and congratulated Caroline on her appointment to the University of Edinburgh Court, Fiona Kordiak on her appointment as Chair of CIPFA Scotland and recognised the achievement of colleagues in the Business Support Services team for their accreditation.

6. Accounts Commission Chair's report – verbal update

Graham Sharp invited the Board to note that the Accounts Commission considered its Annual report, Strategy and Engagement Strategy and the draft Annual Audit Quality report at its meeting on 9 May 2019.

Graham advised that the Accounts Commission would consider the Best Value Assurance Report for Midlothian Council and the follow-up Best Value report on Clackmannanshire at its next meeting on 13 June 2019. In addition, the Commission will consider an update report from the Strategic Scrutiny Group and a Briefing on Community Empowerment.

Graham invited members to note that he and Fraser McKinlay, Controller of Audit, had attended the evidence session at the Local Government and Communities Committee on 8 May 2019 which had considered the Local Government in Scotland: Challenges and Performances 2019 overview report.

Graham also advised the Board that interviews for a new deputy chair for the Accounts Commission had been concluded and a recommendation had been made to the Minister for the appointment.

7. Review of minutes: Board meeting 22 May 2019

The Board considered the minutes of the meeting of 1 May 2019, which had been previously circulated. Graham Sharp requested that the wording at item 7 be amended to state that the Accounts Commission was 'content with the overall timeframe' set out in the report.

Action ASB92: Joy Webber to revise the minute. (June 2019)

8. Review of action tracker

The Board noted the updates provided by the action tracker.

Diane McGiffen provided clarification that action ASB89 referred to a report considered at 1 May 2019 and it was recorded as a completed action.

Martin Walker advised that in relation to action ASB90, the additional information on the strategic improvement programme will be shared with members shortly. Diane McGiffen recorded her thanks and appreciation to Heather Logan and Alan Alexander for their time and comments on the project following the Board meeting on 1 May 2019.

9. Q4 Financial performance report

Stuart Dennis, Corporate Finance Manager, joined the meeting.

Stuart Dennis introduced the Q4 Financial performance report, a copy of which had been previously circulated.

Stuart Dennis invited the Board to note the financial performance for the final quarter of 2018/19 to the end of the financial year.

The Chair sought clarification of the form of words in paragraph 7 and Diane McGiffen advised that the wording about Audit Scotland's pay negotiations had been amended to ensure consistency with Audit Scotland's Annual report and accounts.

Graham Sharp referred to the fee income and expenditure of the audit firms for local government in section 2 of the Appendix and requested a breakdown of increased fees for Aberdeen, Edinburgh and Midlothian Councils. Stuart Dennis advised that the increased fees related to complexities in the respective audits and agreed to send the information sought to Graham Sharp.

Alan Alexander noted the costs for IT set out on page 5 of the Appendix and acknowledged the competitive labour market in Edinburgh for IT specialists. Diane McGiffen advised that agency costs had been incurred during a recruitment campaign which had been successfully concluded. Diane McGiffen confirmed that recruitment in the IT market was often challenging and advised that the Digital Services Team had implemented innovative ways of working.

The Board discussed the potential to align the annual leave holiday year with the financial year. Diane McGiffen advised that given the range of work deadlines that the business deals with, there were also disadvantages with other options. Diane McGiffen advised that the PCS union had recently invited discussion about Easter holidays.

The Board noted the report.

Action ASB93: Stuart Dennis to provide additional fee breakdown to Graham Sharp. (June 2019)

Stuart Dennis, Corporate Finance Manager, left the meeting.

10. Q4 Corporate performance report

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Q4 Corporate performance report, a copy of which had been previously circulated.

Martin invited the Board to note the progress reported in quarter four and highlighted the inclusion of the summary of the 2018/19 overall performance.

Martin highlighted the high level of audit quality, covered in more detail in the annual quality reports, the level of engagement at Parliament and through social media activity and the positive feedback from audited bodies and other key stakeholders. Martin also highlighted that Audit Scotland has been running at establishment with low levels of absence reported and that some areas are feeling resource pressures given the demand for outputs, competing priorities and resourcing challenges.

Heather Logan queried the IT downtime reported in each quarter and whether the instance reported in quarter one was significant given the level of downtime reported was significantly higher. Martin

advised that the downtime reported in quarter one related to a one off incident which had had a significant impact.

Heather Logan advised that she would welcome a refreshed approach to performance reporting together with the Becoming World Class Improvement programme reporting which appears at Item 11. Heather Logan advised that with the performance indicators all green across both reports could better highlight risk in some areas, for example around the Electronic Working Papers and Performance Management Framework projects or the concerns around capacity. She noted that both reports state that the new Performance Management Framework will provide additional analysis of these areas but that these projects had suffered from some slippage and had been rescheduled.

Diane McGiffen welcomed the feedback and advised that the team continue to look for ways to simplify reporting and would present proposals to the Board at a future meeting. Diane also advised the Board that it currently receives the same information as reported to Management Team to ensure openness and transparency and that the cover report seeks to highlight any areas of concerns.

Caroline Gardner advised that the reporting pulled together information on the overall good corporate performance and the performance indicators will be refreshed as part of the next refresh of our Corporate priorities.

Following discussion, the Board welcomed the proposal to refocus the performance reporting, 'raising the bar' or refining some key performance measures and the proposals to consider future reporting.

Alan Alexander requested clarification on the variances between reports planned versus those delivered in 2018/19. Martin Walker advised that the Housing benefit audits are part of a rolling programme and subject to change as risks are identified. In addition, Martin advised that Audit Scotland plan for an estimated number of statutory reports and that more statutory reports had been required in 2018/19 than in any previous year. He advised that this was, in part, indicative of the pressures facing public bodies. Diane McGiffen advised of the challenge this presents to accommodate the additional work required in preparing for evidence sessions at Parliament and the follow up on some reports. Diane advised that this has contributed to the pressure of work on audit teams to accommodate the increased demand.

Alan Alexander asked how Audit Scotland measure impact at national and local level. Martin Walker advised that a range of indicators are used including statistics on the effectiveness of getting the audit messages out in the form of downloads, media coverage and social media metrics. He also advised that impact is measured through follow-up work as part of the annual audit process and specific follow-up work to assess the extent to which recommendations had been accepted and actioned.

Following discussion, the Board welcomed the report.

Action ASB94: Martin Walker to bring a further report on proposals on the format of future corporate performance reporting. (September 2019)

11. Q4 Becoming world class improvement programme update report

Martin Walker, Assistant Director, Corporate Performance and Risk, introduced the Q4 Becoming world class improvement programme update report, a copy of which had been previously circulated.

The Chair noted the discussion at item 10 had covered this report subject to any specific comments or queries.

Graham Sharp noted the number of Section 22 reports and low level of Section 102 reporting and asked whether Audit Scotland expected the number to increase in light of the current environment. Diane McGiffen advised that a stocktake over the summer will provide early indication of potential increases in volume, with planning to reschedule other work to accommodate and resource additional work if required.

Caroline Gardner welcomed the strong overall performance in the year.

Following discussion, the Board noted the report.

12. 2018/19 Annual report on International work

Antony Clark, Audit Director, and Peter Worsdale, Audit Manager/International Liaison Manager, Performance Audit and Best Value, joined the meeting.

Antony Clark, Audit Director, Performance Audit and Best Value, introduced the 2018/19 Annual report on International work, a copy of which had been previously circulated.

The Board welcomed the international activities reported, noting the impact of adopting best practice approaches to audit and reporting, including digital reporting, learning from Canadian and North American agencies and shared learning opportunities with over 70 colleagues being involved throughout the year.

Antony Clark advised that the International Strategy would be refreshed next year and would look at the scope to extend its reach through social media. Diane McGiffen advised the data for social media activity is reported to Management Team on a monthly basis and highlighted the global reach on Twitter.

The Board welcomed the report and suggested some presentational amendments before approving it for publication as part of the suite of annual reporting in support of the 2018/19 Annual Report and Accounts.

Action ASB95: Anthony Clark to make minor revisions to the annual report on international work prior to publication. (June 2019)

Antony Clark, Audit Director, and Peter Worsdale, Audit Manager/International Liaison Manager, Performance Audit and Best Value, left the meeting.

13. 2018/19 Annual report on Freedom of information and environmental information requests

Gayle Fitzpatrick, Corporate Governance Manager, Corporate Services, joined the meeting.

Gayle Fitzpatrick, Corporate Governance Manager, introduced the 2018/19 Annual report on Freedom of information and environmental information requests, a copy of which had been previously circulated.

Gayle Fitzpatrick invited the Board to note that Audit Scotland's arrangements are working well and confirmed that 38 Freedom of Information (FOI) requests had been received. Gayle invited the Board to note that no requests has been received under Environmental Information (Scotland) Regulations 2004 (EIR).

Caroline Gardner reminded the Board that the Scottish Information Commissioner had commended Audit Scotland's approach to FOI and advised that PAPLS had recently issued a consultation on whether current FOI legislation meets the policy objectives of openness and transparency in the public sector.

The Chair asked whether requests which fell within business as usual were recorded in the statistics and Martin advised that only requests which required a more detailed response or a review by an FOI panel were recorded.

The Board noted the report.

14. 2018/19 Annual report on complaints

Gayle Fitzpatrick, Corporate Governance Manager, introduced the 2018/19 Annual report on complaints, a copy of which had been previously circulated.

Gayle Fitzpatrick invited the Board to note the report and take assurance that there are no issues to bring to the Board's attention.

Heather Logan sought clarification on the three complaints rejected as being outwith the complaints handling process and Martin advised these were complaints in relation to audit quality for which there is a different process and are recorded accordingly.

Following discussion, the Board noted the report.

Gayle Fitzpatrick, Corporate Governance Manager, Corporate Services, left the meeting.

15. 2018/19 Annual report from the Chair of the Remuneration and Human Resources Committee

Alan Alexander introduced the 2018/19 Annual report from the Chair of the Remuneration and Human Resources Committee (Remco), a copy of which had been previously circulated.

Alan Alexander invited the Board to note and comment on the work of Remco and future priority areas for 2019/20.

The Board welcomed the report.

16. 2018/19 Annual report from the Chair of the Audit Committee

Heather Logan introduced the 2018/19 Annual report from the Chair of the Audit Committee, a copy of which had been previously circulated.

Heather Logan invited the Board to consider and approve the 2018/19 Annual report which highlighted the Committee's recommendation that there are sound systems of internal control in place within Audit Scotland to support the achievement of the organisation's policies, aims and objectives as set out by the Audit Scotland Board.

The Board welcomed the report.

17. 2018/19 Governance statement on internal control and certificate of assurance

Diane McGiffen, Chief Operating Officer, introduced the 2018/19 Governance statement on internal control and certificate of assurance, a copy of which had been previously circulated.

The Chair invited members to note the Governance statement on internal control and certificate of assurance which had been considered at the earlier Audit Committee meeting

The Board welcomed the assurance provided and approved the contents of the report subject to the amendment discussed at the earlier meeting of the Audit Committee and recommended it to the Accountable Officer.

18. Policy on the provision of non-audit services by Audit Scotland's external auditor

Elaine Boyd, Associate Director, and John Gilchrist, Manager, Audit Quality and Appointments, joined the meeting.

Elaine Boyd, Associate Director, Audit Quality and Appointments, introduced the Policy on the provision of non-audit services by Audit Scotland's external auditor, a copy of which had been previously circulated.

Elaine Boyd invited the Board to consider and approve the update policy as recommended by the Audit Committee.

The Board considered and approved the updated policy as recommended by the Audit Committee.

Elaine Boyd, Associate Director and John Gilchrist, Manager, Audit Quality and Appointments, left the meeting.

19. Review of HR policies

David Blattman, Human Resources and Organisational Development Manager, joined the meeting.

David Blattman, Human Resources and Organisational Development Manager, introduced the review of HR policies, copies of which had been previously circulated.

David Blattman invited the Board to note the review of the Counter Fraud, Diversity and Equality, Health, Safety and Wellbeing and Whistleblowing policies and guidance and approve the updated policies.

The Board considered and approved the updated Counter Fraud, Diversity and Equality, Health, Safety and Wellbeing and Whistleblowing policies.

David Blattman, Human Resources and Organisational Development Manager, left the meeting.

20. Any other business

There was no further business.

21. Review of meeting

The members agreed that items of business had been carefully considered and the Chair thanked everyone for their contributions.

22. Date of next meeting: 18 September 2019

The members noted the draft agenda for the next meeting of the Audit Scotland Board scheduled for 18 September 2019 in the offices of Audit Scotland, 102 West Port, Edinburgh.

Items taken in private

23. 2018/19 Draft Annual report and accounts

Simon Ebbett, Communications Manager, Bruce Stoddart, Senior Graphic Designer and Stuart Dennis, Corporate Finance Manager, joined the meeting.

Simon Ebbett, Communications Manager and Stuart Dennis Corporate Finance Manager, introduced the 2018/19 Audit Scotland Annual Report and Accounts, a copy of which had been previously circulated.

The Board approved the draft annual report and accounts which had been previously circulated and discussed at the earlier meeting of the Audit Committee and recommended that the Auditor General for Scotland, as Accountable Officer for Audit Scotland, sign the accounts on 11 June 2019.

Simon Ebbett, Communications Manager, Bruce Stoddart, Senior Graphic Designer and Stuart Dennis, Corporate Finance Manager, left the meeting.

24. 2018/19 Annual report on Quality of public audit in Scotland

Elaine Boyd, Associate Director and John Gilchrist, Manager, joined the meeting with Owen Smith, Senior Manager, Audit Quality and Appointments.

Elaine Boyd, Associate Director, Audit Quality and Appointments, introduced the 2018/19 Annual report on Quality of Public Audit in Scotland, a copy of which had been previously circulated.

Elaine invited the Board to consider and approve Audit Scotland's 2018/19 Annual report on Quality of Public audit in Scotland for publication as part of the suite of annual reports.

Alan Alexander sought clarification that all of the annual reports being considered were to be published on the same day and Diane McGiffen confirmed they will be published on Audit Scotland's website at the same time as laying Audit Scotland's Annual report and accounts with the Scottish Commission for Public Audit.

Following discussion, the Board welcomed the report and approved its publication.

John Gilchrist, Manager, and Owen Smith, Senior Manager left the meeting.

25. Preparations for audit procurement: project update

Fiona Daley, Consultant, Audit Quality and Appointments, joined the meeting.

Elaine Boyd, Associate Director, Audit Quality and Appointments, introduced the report on Preparations for audit procurement: project update, a copy of which had been previously circulated.

Elaine Boyd invited the Board to note the progress reported and Alan Alexander advised of discussions with Elaine Boyd and Fiona Daley ahead of the first meeting of the Steering Group which would take place following today's Board meeting.

Following discussion, the Board welcomed the report.

Elaine Boyd, Associate Director and Fiona Daley, Consultant, Audit Quality and Appointments left the meeting.

Agenda



Wednesday 18 September 2019 at 10.15am

Audit Scotland offices, 102 West Port, Edinburgh EH3 9DN

1. Welcome and apologies
 2. Declarations of interests
 3. Decision on items to be taken in private For approval
-

Standing items

4. Chair's report – verbal update For information
 5. Accountable Officer's report – verbal update For information
 6. Accounts Commission Chair's report – verbal update For information
 7. Review of minutes: Board meeting 5 June 2019 For approval
 8. Review of action tracker For information
-

Business management

9. 2019/20 Q1 Financial performance report For information
 10. 2019/20 Q1 Corporate performance report For information
 11. 2019/20 Q1 Strategic improvement programme update For information
-

Strategy and planning

12. Financial devolution and constitutional change update For information
 13. Business continuity planning: EU withdrawal For information
-

Governance

14. Annual policy review: Corporate governance policies For approval
 - a) Financial regulations
 - b) Scheme of Delegation

- c) Staff code of conduct
- d) Members code of conduct

- | | |
|---|--------------|
| 15. Annual policy review: Freedom of information and environmental information | For approval |
| 16. Annual policy review: Records management | For approval |
| 17. Proposed schedule of meeting dates 2020 | For approval |
-

Conclusion

- 18.** Any other business
 - 19.** Review of meeting
 - 20.** Date of next meeting: 27 November 2019
-

Items to be taken in private

- | | |
|---|----------------|
| 21. 2019/20 Spring budget revision

[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |
| 22. 2020/21 Budget proposal

[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |
| 23. Scottish Commission for Public Audit: Review of Audit Scotland Board and SCPA

[Item to be taken in private to support the effective conduct of business, intended for future publication] | For discussion |
| 24. New audit appointments update

[Item to be taken in private to support effective conduct of business] | For discussion |
| 25. Environment, sustainability and biodiversity annual report 2018/19

[Item to be taken in private to support the effective conduct of business, intended for future publication] | For approval |
| 26. Communication and engagement strategy

[Item to be taken in private to support effective conduct of business, intended for publication] | For approval |

MEETING: 10 OCTOBER 2019

REPORT BY: SECRETARY TO THE ACCOUNTS COMMISSION

UPDATE REPORT

Introduction

1. The purpose of this report is to provide a regular update to the Commission on significant recent activity relating to local government, as well as issues of relevance or interest across the wider public sector.
2. The regular Controller of Audit report to the Commission which updates the Commission on his activity complements this report. The Commission's Financial Audit and Assurance Committee also receives a more detailed update on issues relating to local government. This report also complements the weekly briefing provided by Audit Scotland's Communication Team made available on the extranet site, which provides more detailed news coverage in certain areas.
3. The information featured is also available on the Accounts Commission member portal. Hyperlinks are provided in the electronic version of this report for ease of reference.

Commission business

Publications

4. Audit Scotland collects [media coverage](#) on all the reports published by the Accounts Commission. Audit Scotland also provides a weekly summary of the [key media stories regarding local government](#). Both are available through Audit Scotland SharePoint, on the Accounts Commission Members' Extranet.
5. The download statistics of the reports published over the last 12 months (as at 27 September) are set out in the **Appendix**.

Other business

6. On 4 September the Scottish Government confirmed that Geraldine Wooley, Sheila Gunn and Sophie Flemig have been [re-appointed](#) as members of the Accounts Commission.
7. On 9 September, the Commission met with representatives of Perth and Kinross Council to discuss the Best Value Assurance Report (BVAR) on the council which was published on (date). The Commission was represented by Elma Murray (Deputy Chair); Andrew Burns; Andy Cowie; Peter Worsdale (Audit Manager, Commission Support Team); and Fiona Mitchell-Knight (Audit Director, Audit Scotland). The Council was represented by councillors Murray Lyle (Leader of Administration (Conservative)) and Dave Doogan, (Leader of the Opposition (SNP)); Karen Reid, Chief Executive; Jim Valentine, Depute Chief Executive; Barbara Renton, Executive Director, Environment and Housing; and Sheena Devlin, Executive Director, Education and Children's Services. Subsequently, the Council considered the BVAR at its meeting on 25 September and agreed an action plan on the back of the BVAR.

8. At its meeting on 20 August, Midlothian Council met to consider the BVAR on the Council published on 4 July and approved an improvement plan developed in response to the BVAR. At its meeting on 26 September, the Commission's Financial Audit and Assurance Committee agreed To note advice from the Controller of Audit that he was continuing to monitor how Midlothian Council is proceeding with implementing an action plan arising from the Council's consideration of the Best Value Assurance Report on the Council which had been published on 4 July, progress on which he anticipated would be reported in the external auditor's annual audit report.
9. On 25 September, the Chair of the Commission gave evidence to the Scottish Parliament's Local Government and Communities Committee as part of its [budget scrutiny for 2020-21](#). This was following a call for evidence from the Committee into the long-term sustainability of local government, to which the Commission had responded. The session also included Councillor Gail Macgregor, Spokesperson for Resources and Vicki Bibby, Head of Resources, COSLA; Jim Boyle, CIPFA Scottish Directors of Finance Section; David Robertson, Chief Financial Officer of Scottish Borders Council, representing SOLACE.
10. On 7 October, the Chair of the Commission and the Auditor General opened the annual planning conference at which the [planning guidance](#) for auditors for the current financial year – thus auditors reporting next Autumn – is launched.
11. On 14 September representatives from Audit Scotland attended a meeting of the Inform 100 Youth Panel. One of the young people who had previously attended the meeting of the Accounts Commission at its August meeting reported a positive experience of that meeting and was particularly pleased to note that they were made to feel "at ease" by Commission members. The young people that were in attendance expressed keenness to accept the invitation from Commission members to act as mentors.
12. At its meeting on 13 June, the Commission agreed that Audit Scotland maintain a watching brief on trends and numbers of non-domestic rates valuations in Scotland. As at 30 June 2019, of the 67,026 2010 national revaluation appeals, 66,894 had been resolved. Of the 132 properties remaining outstanding, the Scottish Government reports that the majority of these cases are telecommunication appeals which have been referred to the Lands Tribunal for Scotland. The resolution of appeals is, at this stage, slower for the 2017 revaluations than 2010. Of the 70,882 revaluation appeals, 60 per cent have been resolved. Appeals on the 29,491 properties remain outstanding, equating to £3,577m. Audit Scotland will continue to monitor non-domestic rate valuations through the Health, Care and Communities policy cluster.
13. At its meeting of 12 September, the Commission considered a report by the Audit Director, Audit Services and PABV providing an update on key developments surrounding financial devolution and constitutional change. The Commission agreed (i) that the Director provide graphics-based summaries of Scottish Fiscal Commission forecasts that are available; and (ii) noted advice from the Director that in relation to the accounting implications of delayed housing benefit payments, he would with the team leading the Commission's housing benefit performance audit work. The Audit Director has provided information in this regard which has been placed on the members' sharepoint site.

Auditor General for Scotland

14. On 12 September the Auditor General for Scotland [published](#) a section 22 report on the Scottish Prison Service. The report noted the pressures facing the service. The service's revenue budget has reduced by 12.5 per cent in real terms from 2014/15 to

2018/19, from £394.7 million to £345.2 million, while its costs are rising. Prisoner numbers increased by nearly nine per cent in 2018/19, to 8,212, and are set to rise further. Financial pressures are compromising efforts to prepare and support prisoners for life outside prison. Over the last two years, there have also been significant increases in assaults by prisoners against staff and other prisoners. Stress-related sickness among staff rose by nearly one third in 2018/19, and additional payments to staff working longer hours increased by 65 per cent to £4.25 million.

15. On 19 September the Auditor General for Scotland [published](#) the 'Finances of Scottish universities' report. The report found the higher education sector faces rising costs and funding cuts, while its reliance on borrowing has increased. Universities were found to have suffered a 7% real terms cut in Government funding between 2014-15 and 2017-18. Uncertainty over the implications of Brexit for teaching and research was also highlighted. Significant variations in financial health of universities across the sector were recorded, with the universities of Glasgow, Edinburgh and St Andrews "*generally better placed*" to deal with financial pressures. Tuition fee income was found to have replaced Scottish Funding Council (SFC) grants as the largest source of income for universities. The report was critical of the lack of clear targets for teaching and research included in SFC outcome agreements for 2017-18. The report also concluded universities which are more reliant on Government funding are now required to supplement this funding with income from other sources.

Audit Scotland

National Fraud Initiative

16. The National Fraud Initiative (NFI) plays an important role in protecting the public purse against fraud risks through the use of data matching. The Cabinet Office oversees the NFI and Audit Scotland leads the exercise in Scotland and publishes a report on the results every two years. The next report is due to be published in summer 2020. Data for the NFI is provided by some 1,200 participating organisations from across the UK public and private sectors to prevent and detect fraud.
17. The latest NFI biennial exercise (2018/19) started in the autumn of 2019 with most of the matches released to the 120 Scottish public bodies taking part, including all 32 councils, at the end of January 2019. Scottish councils have been working through their matches over the last few months with outcomes now starting to be recorded. Audit Scotland will brief the Accounts Commission on its 2020 report prior to publication. More information on the NFI exercise and other counter-fraud activity can be found on the [counter-fraud hub](#) on Audit Scotland's website.

Issues affecting local government

Scottish Government

18. On 29 August the finance ministers from the Scottish Government and Welsh Executive released joint statements claiming the current financial [arrangements](#) between the UK Government and devolved administrations are "*not fit for purpose*". The ministers have called for new arrangements to be created to ensure devolved administrations have "*clarity, honesty and commitment*" on future UK spending decisions in order to plan their budgets.
19. On 30 August the Scottish Government [published](#) their 'Out of school care parent survey: report'. The report details the views of parents and carers of children aged 5-13 on the availability and quality of out of school care. An IPSOS Mori study (for Audit Scotland as part of the joint Commission and Auditor General performance audit report in this regard) from 2017 on parents' experiences of early learning and childcare is

mentioned.

20. On 31 August the Scottish Government's Cabinet Secretary for Infrastructure, Michael Matheson MSP, [wrote](#) to the UK Government seeking clarity over how much funding it intends to allocate to the remaining Growth Deals that have yet to reach heads of terms. In July, the Prime Minister committed £300 million towards deals that are currently in development.
21. On 3 September the Scottish Government [published](#) the Scottish Elections (Reform) Bill. The Bill proposes a series of reforms to be implemented before the Holyrood election in 2021, including extending the period between parliamentary and local government elections from four to five years, enabling all 14 year olds to register ahead of attaining voting age, prohibiting people from voting in more than one local authority election, and extending the Electoral Management Board's role in elections for the Scottish Parliament.
22. On 3 September the First Minister [delivered](#) the Programme of Government to the Scottish Parliament. The First Minister announced 14 Bills and several 'Green Deal' policy commitments she said would be supplemented by an infrastructure commission, a refreshed transport strategy, a new planning framework and a climate change plan. A watchdog to oversee NHS building projects is to be set up following recent issues with flagship hospital projects in Edinburgh and Glasgow. The First Minister also confirmed that civil servants have been instructed to update the white paper on independence and said she would also be approaching the UK Government to "*seek agreement to the transfer of power that will put the referendum beyond legal challenge*". She told MSPs that the Scottish Government intended to offer the choice of independence within this term of parliament, which ends in May 2021. The following 14 bills will be introduced over the next year:
 - Animal Health and Welfare (Amendment) Bill – to “increase the maximum penalties for the most serious animal welfare offences”.
 - Budget Bill
 - Circular Economy Bill – to “enable further action to tackle our reliance on single use products”.
 - Civil Partnership Bill – to make civil partnerships available to mixed sex couples.
 - Continuity Bill – “to maintain alignment with EU law in devolved areas after EU exit”.
 - Defamation and Malicious Publication Bill – to modernise defamation law.
 - UEFA European Championship Bill – to prohibit touting.
 - Forensic Medical Services (Victims of Sexual Offences) Bill – will establish a national self-referral model for victims of sexual crime who wish to have a forensic medical examination without first reporting to the police.
 - Good Food Nation Bill – will place responsibility on Ministers and selected public bodies to set out policy statements on food.
 - Hate Crime Bill – to consolidate and update hate crime legislation.
 - Heat Networks Bill – to help Scotland decarbonise heat supply and contribute to climate change targets.
 - Redress (Survivors of In Care Abuse) Bill – to establish a financial redress scheme for survivors of historical child abuse in care.

- Rural Support Bill – will “create regulation-making powers for the Scottish Ministers to amend or replace the EU Common Agricultural Policy elements of retained EU law”.
 - Transient Visitor Levy Bill – will create a discretionary power for local authorities to apply a tax or levy on overnight visitors.
23. On 4 September the Scottish Government [announced](#) that the Scottish Child Payment scheme would be open for applications from autumn 2020. The scheme, which is part of measures to uplift 30,000 children out of poverty, was originally due to launch in 2021. The Scottish Child Payment will allow low-income families to apply for a £10 a week payment for every child under the age of six.
 24. On 5 September the Scottish Government [announced](#) the membership for the taskforce on drug deaths. Professor Catriona Matheson of Stirling University will chair the group. The Scottish Government also confirmed that an additional £20m will be available to help reduce the harm caused by drugs and for the Taskforce to provide support to projects which use evidence-based approaches to tackle the issue.
 25. On 6 September the Scottish Government [published](#) their ‘Accountability of public services in Scotland: baseline evidence review and analysis’ report. The research was commissioned to inform work progressing in Scotland on the Open Government Partnership (OGP). The OGP is an initiative that involves governments around the world who aspire to make their government more effective and responsive to people who live in their country. Through its OGP Action Plan the Scottish Government, in partnership with civic society and others, seeks to reduce the complexity of how public services are held to account, increase people’s awareness and understanding of how services are held to account, and simplify the landscape for people to navigate. A Collaborative Working Group – including Audit Scotland - has been established, comprising a range of state and civic society partners who will support delivery against Commitment 4 over the next two years.
 26. On 6 September the Scottish Government [announced](#) plans to recruit 1,000 extra pupil assistants. A total of £15m will be allocated to councils to enable them to appoint the extra pupil support assistants to Scotland’s classrooms.
 27. On 8 September the Scottish Government [announced](#) the introduction of a new benefit that help those on low incomes meet the costs of organising a funeral. The Funeral Support Payment will replace the DWP Funeral Expense Payment for people in Scotland and will mean around 40% more people will be eligible for financial support at the point of bereavement. The new benefit will be available from September.
 28. On 8 September the Scottish Government [confirmed](#) that new legislation limiting the time that homeless individuals and families can spend in unsuitable emergency accommodation, like B&Bs and hostels, will be introduced. This legislation will be in place by May 2021.
 29. On 9 September the Scottish Government [published](#) statistics on the condition of school estates. The proportion of schools reported as being in good or satisfactory condition has increased by 1.7% to 88.3% since 2018.
 30. On 9 September the Scottish Government [launched](#) a consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax. The consultation closes on Monday 2 December. It is not proposed to respond to this consultation.
 31. On 9 September the Scottish Government [launched](#) the Future Skills Action Plan to help the workforce address issues such as Brexit, technological changes and the

climate emergency. The [plan](#) highlights what action the Scottish Government intends to take in order to increase upskilling and retraining opportunities, address skills gaps, implement the climate emergency skills action plan and develop skills investment plans in each region. An additional £10m has also been made available.

32. On 10 September the Scottish Government [published](#) the 'Council Tax Reduction in Scotland - April to June 2019' report. In June 2019, Scotland's Council Tax Reduction scheme supported 472,640 households and the total weekly income forgone by local authorities was £6.6 million.
33. On 11 September the Scottish Government [launched a consultation](#) on the role of public sector bodies in tackling climate change. The consultation seeks views on proposals for all public bodies to set a date for reaching net-zero greenhouse gas emissions and publish annual updates on progress. The deadline to respond is Wednesday 4 December. Audit Scotland is listed as a body which is currently required to report its climate change activity. It is not proposed to respond to this consultation.
34. On 16 September the Scottish Government [published](#) guidance to help local authorities prepare their Local Housing Strategy.
35. On 16 September the Scottish Government [published](#) their 'Welfare reform: annual report 2019' report which examines the impact of UK Government welfare reform on Scotland. The report stated welfare changes by the UK Government are set to reduce spending on social security in Scotland by £500m a year and determined the benefit freeze, two-child cap and changes to the work allowance have contributed to the largest cuts in welfare since 2015.
36. On 18 September the Cabinet Secretary for Health, Jeanne Freeman MSP, [announced](#) a public inquiry into site problems at the new Royal Hospital for Children and Young People and the Queen Elizabeth University Hospital. It will consider how problems with building areas, including ventilation systems, occurred and how to avoid mistakes in future projects.
37. On 19 September the Scottish Government [announced](#) £1.5m will be allocated to safeguard low-income families from homelessness. The Homelessness Prevention Fund will provide access to financial advice to reduce household costs and employment support, and in emergencies can be paid directly to families.
38. On 19 September Deputy First Minister, John Swinney MSP, [announced](#) the Scottish Government will repeal provisions for a mandatory named person scheme for every child included in the Children and Young People Act 2014. The findings of the GIRFEC Practice Development Expert Panel, which was commissioned to consider a code of practice on information sharing to support the Children and Young People (Information Sharing) Bill, have been [published](#). The Panel concluded it will not be possible to produce a statutory code, due to data protection changes since the Bill's introduction. Instead, practitioners will only be able to share information within the parameters of GDPR regulations and the Data Protection Act 2018 with the consent of families. The Cabinet Secretary has also announced the Government will withdraw the Bill, which had been put on hold in 2017 after an inquiry by the Education & Skills Committee.
39. On 19 September the Scottish Government [published](#) the State of the Economy September 2019 report. It summarises recent developments in the global, UK and Scottish economies and provides an analysis of the performance of the Scottish economy. The research claims that continued uncertainty around Brexit has caused the economy to slow in the first half of 2019, with GDP contracting in the second quarter. The study found businesses are focusing on "*short-term steps*" to mitigate any

potential negative consequences rather than investing in growth or productivity. The analysis also found the labour market continues to perform strongly but unemployment has increased in recent months.

40. On 20 September the Scottish Government published new statistics which suggest that the supply of new housing in Scotland has [increased](#) by 15% during 2018-19. This is the sixth consecutive annual increase in total housing supply, and the highest annual figure since 2008-09. Housing association new builds increased by 33% and private-led new builds increased by 21%. However, local authority new builds decreased by 3%. The statistics come from a summary of [key trends](#) in housing statistics for 2019. A [quarterly update](#) for September 2019 has also been published. This includes recent trends in new build housing and completions by the sector up to the end of March 2019.
41. On 25 September the Scottish Government [published](#) a report on the findings of a survey of secondary school headteachers about the implementation of the Senior Phase of Curriculum for Excellence. The survey of headteachers will also feed into the upcoming independent review of the senior phase. Findings from the survey include 97% of headteachers accommodating requests for more or fewer course choices and the majority of schools offering long-term partnerships with colleges and employers.
42. On 31 September the Scottish Government [published](#) the 'Transforming Planning in Practice – Post-Bill Work Programme' briefing note which sets out the timescale for implementing the Planning (Scotland) Act 2019. The draft proposals outline how the Scottish Government is considering ending the requirement to seek planning permission requirements for developments that would "radically help address climate change". Developments such as electric vehicle charging stations or centres for generating local renewable energy could be automatically approved. The proposals also include measures to empower communities and local organisations to get involved in planning, as well as proposals to deliver more affordable homes in rural areas.

Scottish Parliament

43. On 2 September the Scottish Parliament's Information Centre (SPICe) [published](#) a briefing on No Deal Brexit. This briefing attempts to outline some of the potential immediate impacts of a no-deal Brexit along with contingency planning for disruptions that may occur in the immediate days and weeks after EU exit.
44. On 5 September SPICe [published](#) its latest briefing paper on the UK's exit from the European Union.
45. On 11 September SPICe [published](#) its latest briefing paper on the labour market.
46. On 13 September SPICe [published](#) a briefing paper for The Consumer Scotland Bill, which aims to establish a new body - Consumer Scotland – with responsibility for co-ordinating advice and advocacy work on consumer issues in Scotland.
47. On 25 September the Scottish Parliament [passed](#) the Climate Change (Emissions Reductions) Bill. This followed revisions to the 2030 interim target, increasing the commitment to reduce emissions by 75% instead of 70%. The Bill [commits](#) the Scottish Government to ensuring that Scotland becomes a net-zero society by 2045. A Citizens' Assembly on Climate Change will be created to make recommendations on how Scotland's net-zero transition should be achieved, and the Scottish Government will commission new advice from the Committee on Climate Change on the UK wide pathway to 2030. An update to the Climate Change Adaptation Plan will also be

published within six months of the Bill's Royal Assent.

Parliamentary Committee News

Local Government and Communities Committee

48. On 4 September the committee continued its inquiry into empty homes by taking evidence from Kevin Stewart MSP, minister of local government, housing and planning, David Cowan, head of regeneration unit, and Fiona Hepburn, housing markets policy officer, both from the Scottish Government.
49. On 11 September the committee:
 - Confirmed Sarah Boyack as its new Deputy Convener.
 - Continued its scrutiny of the Non-Domestic Rates (Scotland) Bill by taking evidence from Kate Forbes MSP, minister public finance and digital economy.
50. On 17 September the committee [launched](#) a consultation on whether period products should be freely available by law across Scotland. The Bill, proposed by Monica Lennon MSP, would ensure period products were available free of charge in all schools and colleges. It would also ensure that the Scottish Government had the power to ask other public organisations to provide sanitary products in future. The call for views closes on Tuesday 5 November.
51. On 18 September the committee held a roundtable evidence session on alcohol licensing.
52. On 25 September the committee, as part of its budget scrutiny for 2020-2021, held an evidence session. This is discussed in paragraph 9.
53. On 26 September the committee published a letter from [Kevin Stewart](#) in relation to its inquiry into empty homes in Scotland. Correspondence from the Minister to [COSLA](#) and to [council chief executives](#) was also published.

Public Audit and Post Legislative Scrutiny Committee

54. On 2 September the committee published a [report](#) about key audit themes. The Auditor General, Audit Scotland, the Accounts Commission and section-22 reports are mentioned throughout. In its report, the committee states that its scrutiny of successive audit reports suggests that many of the priorities identified by the Christie Commission are not being delivered. The committee continues to see evidence of a lack of data on key policy implementation; confusion over intended outcomes and board members struggling to hold to account senior management in relation to key budgetary decisions. It states that given the breadth of the audit reports that it scrutinises, it is well placed to underline that many of these challenges are not unique to a particular sector, public body or type of project. It states that it is clear that cross-sector, collaborative and long-term solutions are required. The committee is therefore calling for a debate across the public sector to be led by the Scottish Government to address the key challenges that it has identified in its report. This debate should actively involve chief executives from all public bodies.
55. On 5 September the committee:
 - Took evidence on the Auditor General for Scotland's section 23 report, 'Social security: implementing the devolved powers' from Lesley Fraser, Interim

Director General for Organisational Development and Operations; Stephen Kerr, Social Security Director; Alison Byrne, Social Security Deputy Programme Director; Kevin Stevens, Head of Strategic and Programme Finance; and Andy McClintock, Chief Digital Officer and David Wallace, Chief Executive of Social Security Scotland.

- Took evidence on the Auditor General for Scotland's section 23 report, 'Scottish Public Pensions Agency: Update on management of PS Pensions project' from: Caroline Gardner, Auditor General for Scotland; Stephen Boyle, audit director, Audit Scotland; and Tom Reid, senior audit manager, Audit Scotland.

56. On 12 September the committee:

- Took evidence on the Auditor General for Scotland's section 23 report, 'Scotland's colleges 2019' from representatives from the Scottish Further and Higher Education Funding Council.
- Took evidence on the Auditor General for Scotland's section 23 report, 'NHS Workforce Planning – Part 2: The Clinical Workforce in General Practice' from Caroline Gardner, Auditor General for Scotland; Claire Sweeney, Audit Director, Audit Scotland; Mark Ferris, Senior Audit Manager, Audit Scotland; and Dharshi Santhakumaran, Audit Manager, Audit Scotland.

57. On 19 September the committee:

- Held a roundtable evidence session with a range of stakeholders as part of its post-legislative scrutiny of the Freedom of Information (Scotland) Act 2002.
- Took evidence on the Auditor General for Scotland's section 23 report, 'The 2018/19 audit of Highlands and Islands Enterprise: Cairngorm mountain and funicular railway' from Caroline Gardner, Auditor General for Scotland; Gordon Smail, Audit Director, Audit Scotland; and Maggie Bruce, Senior Audit Manager, Audit Scotland.

Finance and Constitution Committee

58. On 4 September the committee took evidence from a range of stakeholders on the Referendums (Scotland) Bill.

59. On 11 September the committee:

- Took evidence from representatives from the Scottish Fiscal Commission on its forecast evaluation.
- Took evidence on the Referendums (Scotland) Bill from a range of stakeholders.

60. On 18 September took evidence the Referendums (Scotland) Bill from a range of stakeholders.

Other committees

61. On 16 September the Education and Skills Committee published a [report](#) on subject choice for school pupils from S4 and S6. The report [called](#) for an inquiry into the number of subjects available to secondary school pupils and has urged to Scottish Government to commission an independent review into the senior phase of the

Curriculum for Excellence (CfE) which takes place from S4-S6. The Committee also said there had been “confusion and inadequate support” from Education Scotland and the SQA regarding the way the CfE was implemented in schools. Following the publication of the report, the Scottish Government [announced](#) an independent review to consider implementation of Curriculum for Excellence between S4 and S6.

62. On 25 September the Rural Economic and Connectivity Committee continued its investigation into road maintenance in Scotland by taking evidence from a range of stakeholders. The Committee heard evidence from technical experts on road maintenance and discussed standards, sharing information, technological developments and funding.
63. On 26 September the Equalities and Human Rights Committee took evidence as part of its budget scrutiny for 2020-2021. Those that provided evidence included Antony Clark, Audit Director, Audit Scotland and Richard Robinson, Senior Manager, Audit Scotland. The committee questioned the panel on third sector funding and interactions with local and national government. The panel raised concerns regarding short-term grants and claimed relationships with the public sector varied on an individual basis.

Public Policy News

64. On 10 September the Local Government Boundary Commission for Scotland began a public consultation on proposals for councillor numbers and ward boundaries in [Na h-Eileanan an Iar](#), [Shetland Islands](#) and [Orkney](#).
65. On 10 September the Office for National Statistics (ONS) published [statistics](#) on public sector employment in Scotland for the second quarter of 2019. 558,700 people were employed in the public sector in June 2019.
66. On 10 September the National Records for Scotland published provisional [figures](#) showing that there were 12,253 births and 13,652 deaths registered in Scotland between the start of April and the end of June. Births have fallen by 9.3% compared to the quarter two average for the past five years. Deaths have increased by 0.9%. Suggested causes for the fall in births included people waiting until they were older to have children and economic uncertainty.
67. On 19 September the Trussell Trust [published](#) their ‘#5WeeksTooLong: why we need to end the wait for Universal Credit’ report. This report suggests foodbanks experienced a 30 per cent increase in demand in areas where Universal Credit had been in place for a year. In areas where the new system has been in place for at least 18 months demand for emergency support jumped by 40 per cent, with a 48 per cent increase in demand for food banks in areas with Universal Credit for at least two years. Citizens Advice Scotland has urged the UK Government to scrap the five-week waiting period for Universal Credit.
68. On 19 September the Institute for Public Policy Research [published](#) the ‘Thinking Bigger on Tax in Scotland: Using Scotland’s local tax powers to their full potential’ report on local tax powers in Scotland. The report highlights the devolution of tax powers to the Scottish Parliament following recommendations from the Smith Commission. Income and property tax are highlighted as the main sources of taxation revenue in Scotland. The report outlined the existing local taxation powers and local government income. The individual per head revenue allocation of funding from the Scottish Government varies by local authority, with £1,426 per head available in Edinburgh and £2,258 allocated for those in Argyll & Bute. The report suggests five new forms of local tax which could improve local government budgets as a result of funding cuts, which includes inheritance tax, payroll tax, income tax, carbon tax and a

fair work supplement on business rates. By diversifying taxation revenue, the report suggests Scotland's public finances could be future-proofed from economic disruption.

69. On 20 September [school children from across Scotland](#) took part in a global protest to demand greater action on climate change.
70. On 20 September Public Health Scotland [appointed](#) Angela Leitch as its first Chief Executive. Ms Leitch is currently the Chief Executive of East Lothian Council.
71. On 25 September the David Hume Institute [published](#) a report on Scotland's future workforce, labour supply and immigration. *Wealth of the Nation: Who Will Do the Jobs?* points out that EU migration to Scotland has masked underlying demographic trends of an ageing population and low birth rates. The report warns of a major impact for Scotland's health and social care sector and urges caution on the pace by which technological transformations will fill the gap. The Institute suggests that male employment rates – particularly for older men – have the potential to be increased. On migration, the report makes a number of suggestions on attracting workers from the rest of the UK and the Scottish diaspora. Co-operation between federal and provincial governments in Canada is highlighted as a potential model

COSLA

72. On 2 September COSLA announced that Councillor Stuart Currie would be stepping down as Interim Health and Social Care Spokesperson as Councillor Peter Johnson returns to the role.

Improvement Service

73. On 15 September the Improvement Service [published](#) 'The Gendered Nature of Poverty - Elected Member Briefing Note.' This briefing aims to raise awareness of the gendered nature of poverty in Scotland and the role of violence against women and girls in sustaining poverty.
74. On 15 September the Improvement Service [published](#) 'Fairer Scotland Duty - Elected Member Briefing Note.' The briefing aims to provide elected members with a summary of the key aspects on the duty and how local authorities might go about meeting the duty.
75. On 16 September the Improvement Service [published](#) their quarterly Local Government Benchmarking Framework newsletter.

Other Scottish local government news

76. On 9 September Glasgow City Council announced plans for its fleet of 2000 vehicles to be carbon free by 2029. Glasgow City Council recently acquired funding from Transport Scotland to convert 23 winter gritters to dual fuel hydrogen.
77. On 10 September Glasgow City Council announced plans to increase bereavement leave for staff members who lose a child. Currently, Glasgow City Council workers get one weeks' paid bereavement leave if their partner, parent or child dies. But ahead of the Parental Bereavement (Leave and Pay) Act 2018 which will be introduced in April, Glasgow City Council are planning to raise parental bereavement leave "beyond the minimum required".
78. On 17 September it was [reported](#) that Glasgow City Council had secured a property-backed loan deal to help pay out £548 million in an equal pay settlement. Canada Life

Investments has agreed a £166m, 30-year loan deal with City Property Glasgow – a wholly owned subsidiary of the council. The loan is secured by assets including the Emirates Arena and Sir Chris Hoy Velodrome.

79. On 28 September it was [reported](#) that two thirds of the fixed penalties issued for fly-tipping or littering by Fife Council last year went unpaid. Of the 136 notices issued across the region, seven were reported to the procurator fiscal. 73 of the remaining penalties actually paid, while 130 were dropped due to lack of evidence.
80. On 2 September, [Shelter Scotland](#) launched legal action against Glasgow City Council over its homelessness service. Shelter says the action follows “repeated engagement” with councillors and officials over several years to raise concerns about “gatekeeping” and “systemic failures” within the Council’s homelessness services that are preventing people accessing the services they are entitled to. Shelter is asking the court to rule that the Council is acting unlawfully and that it should submit a revised homelessness strategy to the Scottish Government that puts a plan in place to guarantee temporary accommodation for every homeless person that needs it.

Scrutiny, inspection, regulatory and related bodies

Scottish Public Sector Ombudsman (SPSO)

81. [The SPSO’s Newsletter - September](#) outlines investigation reports, recent SPSO news and highlights emerging issues. More information on the SPSO’s work, including detailed investigations and decision reports, is available on the [Our findings](#) webpage. The Commission’s Financial Audit and Assurance Committee will consider more detailed intelligence from the SPSO on a six-monthly basis (next at its February meeting).

Standards Commission for Scotland

82. On 2 September the Standards Commission for Scotland [published](#) their 2018-19 annual report. The Annual Report contains information about the work the Standards Commission undertook last year in order to meet their strategic objectives. It also contains case statistics and summaries of the outcomes of the public hearings that were held and provides an overview of their governance arrangements and financial performance.

Care Inspectorate

83. On 3 September the Care Inspectorate [published](#) the ‘joint inspection of services for children and young people in need of care and protection in Aberdeen City’ report. The report noted that staff were having a positive impact on the quality and stability of care and support experienced by children and young people and their families by emphasising and building on strengths in families. Staff were deemed to be confident at recognising the signs of risk which was supported by good information sharing processes and early discussions. Responses to immediate risk of significant harm were also found to be effective. Inspectors found that services worked well together to assess and plan support that enabled vulnerable women, and their unborn babies, to receive the help they needed at an early stage. However, the report also noted areas for improvement. Inspectors found strategic oversight of corporate parenting was not as robust as that for child protection. In addition, inspectors also found that children and young people in need of care and protection were not benefitting from a timely assessment of their health needs and that there were gaps in some services to address their emotional health and wellbeing.

84. On 9 September the Care Inspectorate [published](#) their 2019-2022 corporate plan. The new corporate plan sets out the organisation's priorities for 2019-2022, including their aim to be an organisation that identifies, develops and shares good practice.
85. On 16 September the Care Inspectorate [published](#) new guidance to enable care services to self-evaluate their performance.
86. On 17 September the Care Inspectorate [published](#) the Early Learning and Childcare Statistics 2018, which show the availability and quality of early learning and childcare for children and families across Scotland. The annual publication, covering 2018, shows that compared to the previous years the number of settings providing funded early learning and childcare places has increased. In preparation for the expansion of funded hours for three and four-year-olds (and eligible two-year-olds) to 1,140 hours in August 2020, there has been a 2.1% increase in the number of places available in nursery services, amounting to almost 2,500 additional places compared to 2017. Overall the quality of care remains high with more than 90% of services providing funded early learning and childcare evaluated at good or better by the Care Inspectorate. There has also been an increase in the number of services providing care before school hours.
87. On 23 September the Care Inspectorate [published](#) the 'Joint inspection (adults): the effectiveness of strategic planning in Perth and Kinross Health and Social Care Partnership'. The report noted that the Perth and Kinross Health and Social Care Partnership has a clear vision and aims and has made significant progress to improve performance in unscheduled care and reducing delayed discharges from hospital. While acknowledging that the Partnership had successfully implemented its plans in some key areas, there was a lack of leadership and strategic oversight which resulted in poor planning, direction and monitoring of services. The inspectors identified a lack of performance reporting structures. This limited the Partnership's ability to measure progress against wider strategic priorities or the aims of the strategic commissioning plan. The Care Inspectorate and Healthcare Improvement Scotland have made recommendations for improvement and will support and monitor the Partnership progress in the development and implementation of its strategies and plans for integration.

Her Majesty's Chief Inspector of Constabulary Scotland (HMICS)

88. On 26 September the HMICS [published](#) the 'thematic Inspection of the Scottish Police Authority' report. The report noted the improvements that had been made by the Scottish Police Authority over the past year. However, challenges still remain for the organisation in fulfilling its statutory role. The report makes 14 recommendations, including one relating to the need for clarity about the overall governance arrangements for policing in Scotland and the implications of any points of difference between the SPA and other statutory boards. HMICS found that, despite numerous past recommendations to tackle structural issues to address constrained capacity and capability within the SPA corporate function as a matter of urgency, there has been limited progress in this area in the past two years.

Scottish Housing Regulator

89. On 26 September the Scottish Housing Regulator [published](#) their 2018/19 annual report. The report gives the highlights of the work the Regulator did last year to safeguard and promote the interests of tenants, homeless people and others who use the services of social landlords.

UK Parliament

General

90. On 4 September Chancellor Sajid Javid delivered his first Spending Review [announcement](#) to the House of Commons. The Chancellor announced every department would receive an increased settlement with higher figures for police, health and education. The total allocated spending is £13.8bn. Scottish farmers are to receive the £160m of convergence funding which has been a contentious issue between Scottish and UK governments since 2013.
91. On 10 September the UK Government [announced](#) proposals which will allow international students to stay in the UK for up to two years after graduation in order to find work. Students will need to have completed a degree from a UK university or higher education provider which has a proven track record in upholding immigration checks. The announcement [reverses](#) a decision made by the Home Office in 2012 which forced overseas students to leave four months after completing a degree.
92. On 13 September the UK Government [announced](#) that over 1.5 million people have applied to the EU Settlement Scheme. The latest figures show that 1.1 million of those applicants have been granted status under the scheme. In August, 300,000 people applied for settled status. There have been increases in the applications coming from those residing in Scotland.

Communities and Local Government Committee

93. On 5 September the committee [published](#) their 'Implication for local authorities for local authorities' report. The UK Government is seeking to require local authorities to introduce between one and three recycling bins, on top of residual waste, food waste and garden waste bins. As such, every household would be required to have between four and six bins. The report notes that the UK Government is right to set ambitious targets for recycling, however it must allow local authorities greater flexibility in how they are achieved. The report concludes that a balance must be struck between requiring local authorities to improve recycling and waste management, and the ability of local councils to decide the most effective way of achieving this.
94. On 6 September the committee began its investigation into the effectiveness of UK Government's current strategies to boost social and affordable housing provision by taking evidence from a range of stakeholders.

Public Accounts Committee

95. On 12 September the committee [published](#) its 'Brexit consultancy costs' report. The report notes that departments have made extensive use of consultancy firms as part of their preparations for Brexit, spending at least £97 million by April 2019. However, the report also concludes that departments have been as transparent in setting out the work that these consultants have been completing.
96. On 17 September the committee [published](#) its 'Help to Buy: Equity loan scheme' report. The report notes that the Help to Buy scheme has helped to increase the supply of housing – however, the value of the programme is uncertain due to the scheme costing more than what was originally envisaged.
97. On 25 September the committee [published](#) its 'Challenges in using data across government' report. The report states that the UK Government's long-standing failure

to improve the quality of data in government leads to inadequate services and poor decision-making.

Other UK Audit Bodies

National Audit Office

98. On 11 September the National Audit Office [published](#) a report about support for pupils with special educational needs and disabilities in England.

Wales Audit Office

99. On 11 September the Welsh Audit Office published a report on adult social care provision.
100. On 20 September the Welsh Audit Office [published](#) a series of reports on the well-being of young people. The topics [covered](#) are homelessness, young adult carers, young parents, mental health and skills and employability.
101. On 27 September the Auditor General for Wales [published](#) the 'Public Spending Trends in Wales 1999-00 to 2017-18'. This report examines public spending in Wales since devolution in comparison to other parts of the UK.

Northern Ireland Audit Office

102. On 1 October the Northern Ireland Audit Office [published](#) a good practice briefing on performance improvement in local government.

Other general – UK

103. On 29 August the UK Government [announced](#) it will provide £3m in grant funding for charities and other volunteer organisations to inform UK nationals on how to register and apply for residency in EU and EFTA countries. Currently, one million UK nationals live in EU and EFTA countries.
104. On 2 September the UK Government [announced](#) the launch of its 'Get Ready for Brexit' campaign. The public information campaign will run across television, social media, billboards and other platforms. The awareness campaign will advise both the public and businesses on what to do to prepare for Brexit. Businesses will need to acquire an Economic Operator Registration & Identification number in order to export to the EU.
105. On 16 September the Institute for Public Policy Research (IPPR) published a [report](#) on the challenges facing younger generations in the face of environmental breakdown and increased economic turbulence. The 'Inheriting the Earth? The unprecedented challenge of environmental breakdown for younger generations' report part of a series of discussion papers on the impact of the environmental breakdown. It concludes the leadership shown by young people taking action on these issues should be better recognised through formal representation of the interests in decision-making systems and calls for the voting age to be lowered to 16. The report recommends the UK Government create a Future Generations Act to formally create protections for future generations. The Act would ensure businesses were prepared for their long-term trajectories and ensure new civil rights were protected by law.
106. On 17 September the review of local authority financial reporting and external audit, chaired by Sir Tony Redmond, issued a [call for evidence](#). The call closes on the 22

November. Audit Scotland will prepare a response for consideration by the Commission.

107. On 24 September the Supreme Court ruled that the Prime Minister's decision to prorogue Parliament was unlawful and therefore "*void and of no effect*". It was the unanimous judgement of the 11 justices. They ruled that the case was justiciable - meaning that they had the power to rule over the prorogation of Parliament. The Supreme Court also ruled that the decision to prorogue Parliament for five weeks prevented MPs from carrying out their job of scrutinising the Government. On 24 September the States Assembly [approved](#) the appointment of Lynn Pamment as Comptroller and Auditor General for Jersey.

Conclusion

108. The Commission is invited to consider and note this report, and in particular agree:
- a) Agree not to respond the Scottish Government consultation on the Principles of a Local Discretionary Transient Visitor Levy or Tourist Tax (paragraph 30)
 - b) Agree not to respond the Scottish Government consultation on the role of public sector bodies in tackling climate change (paragraph 33)
 - c) Note that it will consider at a future meeting a response to the call for evidence the review of local authority financial reporting and external audit (paragraph 106).

Paul Reilly
Secretary to the Accounts Commission
4 October 2019

APPENDIX: Accounts Commission reports in past 12 months - downloads

Report	Date	Report downloads	Podcast downlds
Perth and Kinross Council: Best Value Assurance Report	22 Aug 19	530 (+216)	19
Principles of community empowerment	25 July 19	2,913 (+616)	n/a
Midlothian Council: Best Value Assurance Report	4 July 19	999 (+367)	44
Clackmannanshire Council: Best Value Assurance Report progress report	27 June 19	635 (+199)	57
Accounts Commission annual report 2018/19	31 May 19	241 (+162)	n/a
Accounts Commission Engagement strategy and plan 2019-24	31 May 19	168 (+107)	n/a
Accounts Commission Strategy and annual action plan 2019-24	31 May 19	200 (+131)	n/a
Accounts Commission Engagement plan progress report 2018/19	31 May 19	83 (+66)	n/a
North Lanarkshire Council: Best Value Assurance Report	23 May 19	599 (+412)	48
Stirling Council: BV Assurance Rprt	25 Apr 19	825 (+253)	72
How council work: Safeguarding public money	11 Apr 19	1,433 (+394)	n/a
South Lanarkshire Council: BV Assurance Rpt	28 Mar 19	1,077 (+393)	59
Local government in Scotland: Challenges and performance 2019	21 Mar 19	3,196 (+1,104)	164
Local government in Scotland: Challenges and performance 2019 - Supplement	21 Mar 19	379 (+132)	n/a
Social Work in Scotland – Impact report	5 Dec 18	1,192 (+232)	n/a
Local government in Scotland – Financial overview 2017/18	28 Nov 18	3,281 (+459)	305 (*)
Local government in Scotland – Financial overview 2017/18 - Supplement	28 Nov 18	311 (*)	n/a
Dumfries & Galloway Council BV Assurance Rpt	22 Nov 18	1,465 (+176)	305 (*)
Health and social care integration: update on progress	15 Nov 18	12,238 (+1,746)	284 (<30)
East Lothian Council Best Value Assurance Report	1 Nov 18	1,467 (+133)	240 (n/a)
Children and young people's mental health	13 Sep 18	11,746 (+3,688)	216 (+36)

Key:

- (x) Increase in numbers since last month
- * This figure is below 30
- n/a Not applicable.

MEETING: 10 OCTOBER 2019**REPORT BY: DIRECTOR OF PERFORMANCE AUDIT AND BEST VALUE AND
CONTROLLER OF AUDIT****NATIONAL SCRUTINY PLAN**

Purpose

1. This report provides the Commission with the Strategic Scrutiny Group's (SSG) latest National Scrutiny Plan (NSP) for local government for information. The NSP collates all published scrutiny by relevant bodies from September 2019 onwards.

Background

2. The SSG concluded its review of the shared risk assessment (SRA) earlier in 2019. This review included consulting all council chief executives on the SRA and our proposals for SRA process in May 2019.
3. This NSP brings some important changes in working to strengthen scrutiny planning under the revised approach to SRA. As with previous NSPs, we continue to summarise for councils all planned scrutiny in their area. However, we have developed this NSP to be clearer with councils about how each scrutiny body has developed its own scrutiny programme. We have also been more explicit about the factors that influence our scrutiny programmes, including the National Performance Framework, self-evaluation and common risks across local government. The NSP also emphasises our commitment to exploiting opportunities for collaborative scrutiny.
4. This is the first NSP published under the revised approach. Over time, we aim to continue to improve the NSP through strengthening transparency in the rationale for our work and expanding the opportunities for collaborative scrutiny. This will be helped by improvements in other aspects of scrutiny planning, such as improving the role of the SSG's operational sub-group in monitoring and improving how scrutiny is coordinated within and between scrutiny bodies.
5. Following approval by the SSG members, the plan was published on 30 September 2019. Under the revised approach to SRA and wider scrutiny coordination, the NSP will be refreshed every six months to reflect any changes in scrutiny programmes during the year.

Recommendation

6. The Accounts Commission is asked to note the publication of the National Scrutiny Plan.

Fraser McKinlay**Director of Performance Audit and Best Value and Controller of Audit****2 October 2019**

National scrutiny plan

A summary of local government strategic scrutiny activity



Prepared on behalf of the Strategic Scrutiny Group
September 2019

ACCOUNTS COMMISSION 

 AUDIT SCOTLAND

 improving policing
across Scotland
HMICS

 Healthcare
Improvement
Scotland

 Inspectorate of
Prosecution in
Scotland

 care
inspectorate

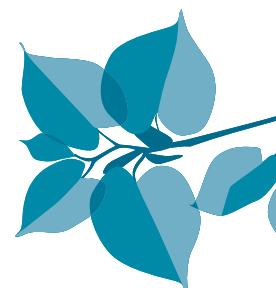
 Education
Scotland
Foghlam Alba

 Scottish Housing
Regulator

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PRISONS FOR SCOTLAND

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Contents



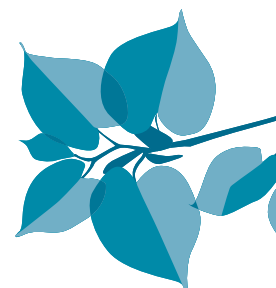
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Introduction



1. The National Scrutiny Plan (NSP) is issued on behalf of the Strategic Scrutiny Group for local government (SSG). The SSG comprises Scotland's main public sector scrutiny bodies – the Accounts Commission, Audit Scotland, Education Scotland, the Care Inspectorate, Healthcare Improvement Scotland, the Scottish Housing Regulator, Her Majesty's Inspectorate of Constabulary in Scotland, Her Majesty's Fire Service Inspectorate, Her Majesty's Inspectorate of Prisons and the Inspectorate of Prosecution in Scotland. The SSG supports the delivery of better coordinated, more proportionate and risk-based local government scrutiny. It is convened and chaired by the Accounts Commission. Details of each organisation can be found in the [Appendix \(page 22\)](#). This plan is prepared by the SSG's Operational Scrutiny Group, which is chaired by the Care Inspectorate. Other members are Audit Scotland (on behalf of the Accounts Commission), Education Scotland and the Scottish Housing Regulator. These scrutiny bodies work together through Local Area Networks (LANs) in each council area to share intelligence and relate this to their work.

What the plan covers

2. This NSP summarises all planned and announced strategic scrutiny activity from September 2019, in each of Scotland's 32 councils. In every local area there is also a baseline of scrutiny activity of services or institutions, such as inspections of schools or care homes or the annual financial audit of public bodies. In some cases where we note that no strategic scrutiny is planned for a council, this is often because they have already been subject to scrutiny activity.

3. This plan highlights the range and nature of scrutiny to be carried out during the year. For some programmes of work the plan does not set out each council where scrutiny will take place. This is because not all strategic scrutiny is announced on an annual basis. With an increasing focus on a risk-based and proportionate approach, scrutiny activity can also change during the year, particularly in response to any significant risks or events that require immediate investigation.

4. To ensure that this NSP is up to date and comprehensive, we will update it on a six-monthly basis in response to any significant changes in scrutiny activity. When the plan is updated we will inform LAN leads who will inform their councils.

Background

5. The SSG was established in February 2008, bringing together bodies scrutinising local authorities. Its work is underpinned by the obligations of the Public Service Reform (Scotland) Act 2010 and by the five principles of scrutiny:

- public focus
- independence
- proportionality
- transparency
- accountability.

6. The SSG established a shared risk assessment (SRA) process in 2008 as the vehicle for scrutiny bodies to share intelligence and agree scrutiny risks in each of Scotland's 32 councils. The process has been successful in providing a focus for scrutiny bodies to work closer together and for more coordinated engagement between councils and scrutiny bodies.

7. The way that scrutiny bodies plan their scrutiny programmes has changed significantly over the last few years. This is, in part, as a response to the increasingly complex landscape in which councils deliver their services, changes in the roles of scrutiny bodies over time, new audit and inspection methodologies and changing drivers for scrutiny.

8. Recognising these changes, we carried out a fundamental review of the SRA process during 2018. As part of the review we consulted with local authorities on how best we could take forward the SRA and scrutiny coordination. The feedback we received highlighted overwhelming support for scrutiny bodies continuing to discuss individual councils and their performance. However, it also raised areas for improvement, including:

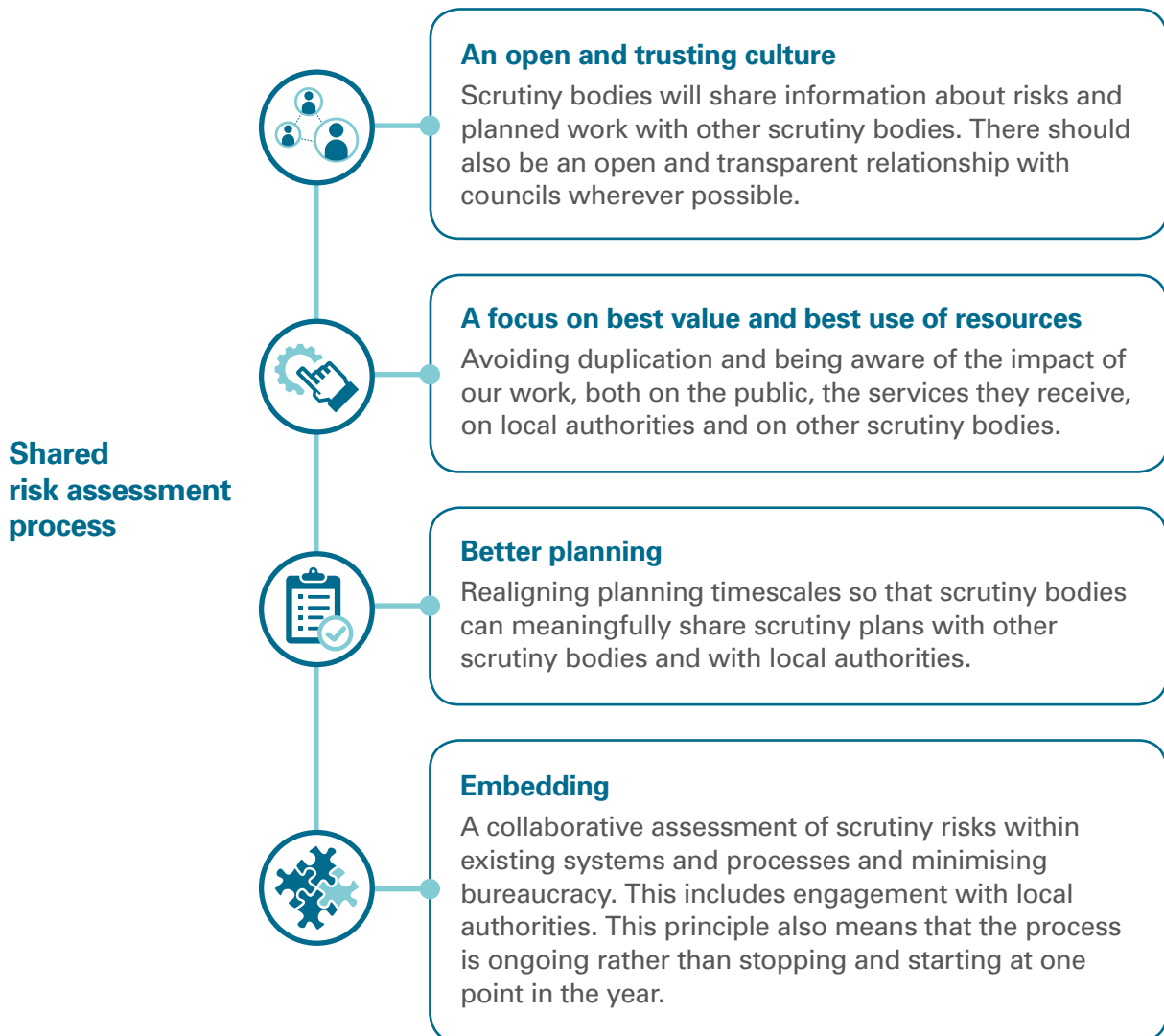
- a need for more regular discussion and sharing of local intelligence and mixed views on the value of local outputs from LANs
- improving scrutiny planning and coordination at a national level.

Revised SRA

9. We have introduced a revised approach to SRA, designed to ensure that it provides the greatest value for both scrutiny bodies and councils by:

- promoting the best possible shared understanding of scrutiny risks
- coordinating scrutiny activity most effectively
- maximising opportunities for scrutiny bodies to collaborate
- supporting better engagement between scrutiny bodies and councils.

10. The most significant changes in the SRA process are a greater focus on national planning and coordination of scrutiny programmes and better sharing of intelligence. Scrutiny bodies have agreed that the following principles underpin our revised approach to the SRA.



National scrutiny programme




Developing scrutiny programmes

11. Each scrutiny body involved in the SSG adopts a similar approach to developing their scrutiny programmes. Fundamentally this involves taking account of national priorities, risks, data and intelligence. However there are other factors which can have a significant impact on programmes of scrutiny activity. These include, unforeseen service failures, the impact of major reforms and legislation, such as EU withdrawal, or direct requests from ministers.


12. Collectively we continue to use the SRA process to inform the nature, ordering and scope of our scrutiny programmes. Through the SRA process we consider the relative strengths and areas for improvement of individual councils and their partnerships. In making our risk assessments we take into account how robustly self-evaluation is carried out and what the results of self-evaluation are telling us.

13. Our scrutiny programmes are also informed by both local and national responses to the common risks facing local government and its partnerships. These risks include:

- an increasingly challenging financial outlook caused by factors such as rising demand for services, demographic change, tight and uncertain budget settlements and commitments to national policy priorities
- the impact of the UK's departure from the EU
- the ability to ensure there are the skills and capacity required to manage and deliver services
- the ability to demonstrate the impact from public sector reform
- failure to capitalise on the opportunities that new technology offers to transform public services and improve outcomes for people.

14. In June 2019, the Scottish Government launched its [National Performance Framework](#)  (NPF), providing a focus for the delivery of public services. The risks set out above may impact on how local government and its partners contribute to the outcomes in the NPF. The NPF is something that will underpin our scrutiny activities.

Coordination and collaboration


15. Scrutiny bodies continue to follow the principles from the Crerar report, to better coordinate our work and look for opportunities for collaborative scrutiny. A wide range of our work is carried out collaboratively, for example joint inspections of services for children and adults and inspections of the Scottish Attainment Challenge authorities. The SSG is committed to this approach and plans to explore broader opportunities for scrutiny collaboration around important issues facing councils and the public, where all scrutiny bodies have an interest. For example, in 2019 the SSG published [*Principles for community empowerment*](#) , based on work with councils and other partners to understand this developing area and how they could incorporate it in scrutiny programmes.

16. The group plans further collaborative work where this can add most value. As with all partnership working, there are practical challenges in making collaborative scrutiny work successfully, but we see the potential for this to make a significant positive impact. As these opportunities evolve and develop we will update councils and their partnerships through LAN engagement and future revisions to this plan.


Scrutiny programme 2019/20

Council	Scrutiny activity	Scrutiny body/bodies	Fieldwork/engagement dates
Aberdeen City	Inspection of justice social work services	Care Inspectorate and Her Majesty's Inspectorate of Constabulary in Scotland	January to March 2020
	Career information, advice and guidance services	Education Scotland	September to December 2019
	Engagement on Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
Aberdeenshire	Best Value Assurance Report	Audit Scotland	February to April 2020 Report to Accounts Commission: October 2020
	Career information, advice and guidance services (follow-up)	Education Scotland	February 2020
	Engagement on: service quality; services for people who are homeless; Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
Angus	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Argyll and Bute	Best Value Assurance Report	Audit Scotland	Beginning October 2019 Report to Accounts Commission: April 2020
	Inspection of community learning and development services (further inspection)	Education Scotland	Before end of March 2020 (TBC)
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Clackmannanshire	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Dumfries and Galloway	Inspection of justice social work services	Care Inspectorate and Her Majesty's Inspectorate of Constabulary in Scotland	October to December 2019
	Career information, advice and guidance services	Education Scotland	October 2019
	Engagement on: services for people who are homeless; Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20

Cont.


Council	Scrutiny activity	Scrutiny body/bodies	Fieldwork/ engagement dates
	Local area inspection of fire services	HM Fire Services Inspectorate	July to September 2019
Dundee City	Best Value Assurance Report	Audit Scotland	February to April 2020 Report to Accounts Commission: September 2020
	Fieldwork for <i>Improving outcomes for young people through school education</i> 	Audit Scotland	September 2019
	Engagement on: services for people who are homeless; gas safety	Scottish Housing Regulator	2019/20
East Ayrshire	No planned scrutiny		
East Dunbartonshire	Career information, advice and guidance services	Education Scotland	September to December 2019
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
East Lothian	Supported and validated self-evaluation – community justice partnerships	Care Inspectorate	January to March 2020
	Engagement on: services for people who are homeless; Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
East Renfrewshire	Joint inspection of strategic planning	Care Inspectorate and Healthcare Improvement Scotland	January to March 2020
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Edinburgh	Best Value Assurance Report	Audit Scotland	February to April 2020 Report to Accounts Commission: August 2020
	Career information, advice and guidance services (follow-up)	Education Scotland	September 2019
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
	Local area inspection of fire services	HM Fire Services Inspectorate	2019/20

Cont.

Council	Scrutiny activity	Scrutiny body/bodies	Fieldwork/ engagement dates
Eilean Siar	Career information, advice and guidance services	Education Scotland	September to December 2019
	Inspection of community learning and development services (further inspection)	Education Scotland	Before end of March 2020 (TBC)
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Falkirk	Best Value Assurance Report	Audit Scotland	April to June 2020 Report to Accounts Commission: November 2020
	Career information, advice and guidance services	Education Scotland	September to December 2019
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Fife	Fieldwork for Improving outcomes for young people through school education 	Audit Scotland	September 2019
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Glasgow	Inspection of community learning and development services (further inspection)	Education Scotland	Before end of March 2020 (TBC)
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Highland	Best Value Assurance Report	Audit Scotland	Fieldwork complete Report to Accounts Commission: November 2019
	Inspection of community learning and development services (further inspection)	Education Scotland	Before end of March 2020 (TBC)
	Engagement on: services for people who are homeless; Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
Inverclyde	Inspection of justice social work services	Care Inspectorate and Her Majesty's Inspectorate of Constabulary in Scotland	Fieldwork completing in September 2019
	Career information, advice and guidance services (follow-up)	Education Scotland	October 2019

Council	Scrutiny activity	Scrutiny body/bodies	Fieldwork/ engagement dates
	Engagement on: services for people who are homeless; planned stock transfer	Scottish Housing Regulator	2019/20
Midlothian	Joint inspection of services for children and young people in need of care and protection	Care Inspectorate, Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland	January to March 2020
	Engagement on: service quality; services for people who are homeless; Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
Moray	Best Value Assurance Report	Audit Scotland	Beginning November 2019 Report to Accounts Commission: May 2020
	Inspection of community learning and development services (further inspection)	Education Scotland	Before end of March 2020 (TBC)
North Ayrshire	Best Value Assurance Report	Audit Scotland	January to April 2020 Report to Accounts Commission: June 2020
	Career information, advice and guidance services	Education Scotland	January to March 2020
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
North Lanarkshire	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20
Orkney Islands	Joint inspection of services for children and young people in need of care and protection	Care Inspectorate, Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland	Fieldwork completing in September 2019
	Engagement on service quality	Scottish Housing Regulator	2019/20
Perth & Kinross	No planned scrutiny		
Renfrewshire	Fieldwork for <i>Improving outcomes for young people through school education</i> 	Audit Scotland	September 2019

Cont.

Council	Scrutiny activity	Scrutiny body/bodies	Fieldwork/ engagement dates
Scottish Borders	Best Value Assurance Report	Audit Scotland	Fieldwork complete Report to Accounts Commission: October 2019
	Services for older people (progress review)	Care Inspectorate and Healthcare Improvement Scotland	October to December 2019
	Engagement on Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
Shetland Islands	Fieldwork for <i>Improving outcomes for young people through school education</i> 	Audit Scotland	September 2019
	Supported and validated self-evaluation – community justice partnerships	Care Inspectorate	October to December 2019
	Engagement on: service quality; services for people who are homeless	Scottish Housing Regulator	2019/20
South Ayrshire	No planned scrutiny		
South Lanarkshire	Joint inspection of services for children and young people in need of care and protection	Care Inspectorate, Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland	October to December 2019
Stirling	Career information, advice and guidance services (follow-up)	Education Scotland	February 2020
	Engagement on: service quality; services for people who are homeless	Scottish Housing Regulator	2019/20
West Dunbartonshire	Engagement on: services for people who are homeless; Gypsy Traveller minimum site standards	Scottish Housing Regulator	2019/20
West Lothian	Joint inspection of strategic planning	Care Inspectorate and Healthcare Improvement Scotland	January to March 2020
	Engagement on services for people who are homeless	Scottish Housing Regulator	2019/20

17. The following paragraphs include details about the purpose of each scrutiny programme in the table above, and the rationale for focusing on individual councils. It also includes details of other scrutiny activity affecting councils where fieldwork sites have not yet been identified.

The Accounts Commission/Audit Scotland

Best Value

18. Best Value is part of an integrated annual audit process. Each council will receive a public Best Value Assurance Report (BVAR) at least once in a five-year period that presents an overall picture of the council, drawn from a range of audit activity and the work of other scrutiny bodies.

19. The Accounts Commission's current approach to Best Value auditing in councils began in October 2016. The five-year rolling programme of BVARs, which is reviewed and refreshed annually by the Accounts Commission, ensures a BVAR is published on every council by the end of 2021. The results of the SRA process make a significant contribution to the audit intelligence that informs decisions about the programme, both in terms of the sequencing and timing of audits and the focus of audit work at individual councils. BVARs bring together an overall picture of the council drawn from a range of audit activity and the work of other scrutiny bodies.

20. Audit Scotland will publish the following two reports to complete the Account's Commission's programme of seven BVARs in 2019: Scottish Borders Council (October 2019) and The Highland Council (November 2019). By the end of 2019, BVARs will have been reported covering 19 councils. Following consideration of ongoing intelligence from auditors, a further seven BVARs will be reported in 2020 during the fourth year of the programme. The councils included in the programme were chosen to reflect:


- a spread of councils (size and location)
- a spread of auditors to smooth the pressures on auditors
- current intelligence on risk profiles gathered from local auditors through annual audit planning and local area network discussions.










21. The scope and timing of the work to be carried out will be discussed with each council.

National performance audits

22. Audit Scotland is carrying out several performance audits covering local government in 2019/20. These are part of a programme agreed by the Accounts Commission and Auditor General for Scotland. The programme is informed by the Accounts Commission's strategic audit priorities, public sector audit risks and policy developments, as well a wide range of policy monitoring and external engagement.

23. The need for any engagement with individual councils will be determined during the scoping stage of each audit. Audit teams will discuss the reasons for selection and the type of work to be undertaken with relevant councils. Where

possible, we have included this information below. Further details on each of the audits in the performance audit programme for 2019/20 and beyond are available [here](#).  The 2019/20 programme includes audits covering:

- **[Affordable housing](#)** : This audit will report progress against the Scottish Government's affordable housing target to date, consider what impact it has had and identify opportunities for improvement in delivering affordable housing in the longer term. The audit report will be published in spring 2020. Detailed case studies in Aberdeenshire, Argyll and Bute, Edinburgh and South Lanarkshire councils will be carried out in 2019/20.
- **[Early learning and childcare follow up audit](#)** : Audit Scotland is carrying out the second in a series of three audits to understand and assess progress with the expansion to funded ELC. This audit is examining progress in planning for the expansion since our [previous report](#) . This includes progress in planning to ensure there is sufficient workforce, infrastructure and private and third sector provider capacity in place to deliver the expansion. We are also examining progress in planning for how the expansion will be evaluated. The audit report will be published in early 2020.
- **[Improving outcomes for young people through school education](#)** : This audit looks at school education to assess whether outcomes are improving for young people, whether the Scottish Government, councils and their partners collectively have a clear and coherent approach to improving these outcomes, how public money is being used for this and how effectively the Scottish Government, councils and their partners are evaluating performance and taking action to improve these outcomes for young people. Fieldwork for this audit will take place in Renfrewshire, Shetland, Dundee and Fife councils during August and September 2019.
- **[Revenue financing of assets](#)** : This audit will assess how the Scottish Government has managed this investment programme nationally. It is also looking at how the Scottish Government, the Scottish Futures Trust and Hub Companies have supported the public bodies delivering individual projects.
- **[Scotland's City Region and Growth Deals](#)** : Audit Scotland is carrying out the first of two performance audits looking at these Deals. This will focus on the rationale, development and management arrangements for the deals and identify early progress and risks and is due to publish in November 2019. A second audit will re-visit the Deals later to look at longer-term progress.
- **Supporting economic growth**: Building on the Auditor General's 2016 report on the [role of the enterprise agencies in supporting economic growth](#) , this audit will consider the issues and risks to other areas of the economic development landscape. This includes local economic development and regeneration activity in councils, and the role of the Business Gateway service.
- In 2019/20, impact reports on the 2017 [Equal pay in Scottish councils](#)  performance audit, and the [Self-directed support: 2017 progress report](#)  will be published.

Housing benefit risk assessments

24. The Accounts Commission has responsibility for the audit of housing benefit services in Scotland and Audit Scotland carries out a programme of performance audit work every year. The structural changes to the social security landscape, both at UK and Scottish level, are presenting significant implications for councils. In this context the Commission has decided to take a more strategic approach to the housing benefit performance audit from 2019/20. This changes the balance between reports on the risks at individual councils to more cross-cutting thematic reviews that look at risks across councils.

25. Audit Scotland continues to review the relative performance of all councils' housing benefit services throughout the year, and is taking a more risk-based and proportionate approach to changes in performance at an individual council. Audit Scotland will discuss council selection with councils' auditors prior to final decisions on reviews. The reviews planned for 2019/20 are:

- two thematic reviews: overpayments, resourcing models
- two reviews of individual councils: risk-based selection based on most current information.

Care Inspectorate

26. The Care Inspectorate's authority to inspect social services is laid out in Part 5 of the Public Services Reform (Scotland) Act 2010. It carries out inspections jointly with partners that include; Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary. Joint inspections are carried out at the request of Scottish Ministers in accordance with an approved timetable.

27. There is an expectation that partnerships will have carried out some self-evaluation of their work, and each inspection will take account of the partnership's assessment of its own effectiveness. A self-evaluation framework based on the EFQM Excellence Model has been developed to support partnerships in assessing their own work. If approved by Scottish ministers, the new model for joint inspections of services for adults in an integrated context will make use of the self-assessment template issued to integration authorities by the Scottish Government.

28. The Care Inspectorate's proposed work programme for 2019/20 is outlined below. Its plan could be subject to change at any point to reflect changing circumstances and emerging risks.

Joint inspections of services for children and young people in need of care and protection

29. These inspections come from a recommendation from the child protection improvement programme. The Care Inspectorate leads these inspections and carries them out in partnership with Education Scotland, Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland. Five joint inspection of services for children and young people in need of care and protection will be carried out in 2019/20 as part of a national scrutiny programme. The Community Planning Partnership areas selected are determined by the SRA process.

Joint inspections – strategic planning

30. Joint inspections of strategic planning are carried out under responsibilities in the Public Bodies (Joint Working) (Scotland) Act. The Care Inspectorate and Healthcare Improvement Scotland are jointly responsible for carrying out these inspections. They will also include input from Audit Scotland. Two joint inspections will be carried out in 2019/20 plus a progress review from joint inspection of services for older people. The health and social care partnerships selected are determined by a combination of intelligence from the SRA process and other intelligence held by the scrutiny partners. Inspections have been focused towards partnerships which have not been inspected previously under a joint inspection of services for older people.

31. The Care Inspectorate and Healthcare Improvement Scotland are in discussion with the Scottish Government about jointly developing a new inspection methodology to provide assurance about whether integrated health and care is improving experiences and outcomes for individuals. This builds on the joint inspections of strategic planning. This new approach is being developed under direction of a Ministerial Strategic Steering Group in Integration to meet responsibilities under the Public Bodies (Joint Working) (Scotland) Act. It is expected that pilot inspections will begin in 2020. Criteria for selecting health and social care partnerships to be inspected are still to be determined.

Inspections of justice social work services (with a focus on community payback)



32. These inspections are in response to a ministerial direction to provide assurance on the readiness of partners for PASS (Presumption Against Short Sentences) as part of the Scottish Government’s community justice strategy. The Care Inspectorate will carry out inspections of justice social work services with input from Her Majesty’s Inspectorate of Constabulary in Scotland. The annual programme will include three councils that are determined on the basis of national statistics and intelligence, including information from Community Justice Scotland.

Supported and validated self-evaluation – community justice partnerships

33. This work is in response to a ministerial direction to support the strategy for community justice. The Care Inspectorate will support and validate self-evaluation (VSE) in two council areas. Council areas will volunteer to be included in the programme and the Care Inspectorate will discuss its selection method with the justice high level advisory group.


Education Scotland

34. Her Majesty’s Chief Inspector of Education decides on the scale and priorities of Education Scotland’s scrutiny programme in agreement with the Cabinet Secretary for Education and Skills. The annual programme of scrutiny activity is published in June each year and sets out intended activity across all education sectors.

35. HM Inspectors’ of Education powers to inspect educational establishments and services are set out in the [Education \(Scotland\) Act 1980](#)  and its [Annual Programme of Scrutiny](#)  is published on the Education Scotland website.

36. Between October 2017 and February 2019, HM Inspectors of Education evaluated the work of nine local authorities to improve learning, raise attainment and narrow the poverty-related attainment gap. The nine local authorities designated as challenge authorities within the Scottish attainment challenge are:

- Clackmannanshire Council
- Dundee City Council
- East Ayrshire Council
- Glasgow City Council
- Inverclyde Council
- North Ayrshire Council
- North Lanarkshire Council
- Renfrewshire Council
- West Dunbartonshire Council.

37. This programme was carried out under the terms of Section 9 of the Standards in Scotland's Schools etc. Act 2000. Reports on all nine authorities have now been published. A report summarising the findings from this programme ([*How well are the Scottish Attainment Challenge authorities improving learning, raising attainment and closing the poverty-related attainment gap?*](#))  was published in June 2019.

Joint inspections of services for children and young people in need of care and protection

38. HM Inspectors of Education will collaborate with other scrutiny partners on the programme of joint inspections of services for children and young people in need of care and protection led by the Care Inspectorate. These inspections focus on the difference community planning partners are making to:

- the lives of children and young people in need of care and protection
- the lives of children and young people for whom Community Planning Partnerships have corporate parenting responsibilities.

Career information, advice and guidance services

39. HM Inspectors of Education will evaluate and report on the quality of careers information advice and guidance services delivered by Skills Development Scotland across five council areas. These inspections will conclude the commitment to inspect the Careers Information Advice and Guidance services of all local authorities within a five year programme.

40. In addition, Education Scotland will carry out five follow-up visits of careers information advice and guidance services delivered by Skills Development Scotland. Where Education Scotland identifies that the quality of education is not good enough it undertake further inspection activity. The timescale for carrying out this activity is specified in the inspection report.

Community learning and development services

41. HM Inspectors of Education will carry out five further inspections of community learning and development services. Specific dates will be agreed with each local authority to take account of activity by other scrutiny bodies taking place within the local authority. Where Education Scotland identifies that the quality of education is not good enough it undertake further inspection activity. The timescale for carrying out this activity is specified in the inspection report.

National thematic inspections

42. Details of national thematic inspections will be announced in due course. Where these involve HM Inspectors' engagement with local authorities, we will take account of other existing commitments as outlined in the National Scrutiny Plan.

Scottish Housing Regulator (SHR)

43. The SHR's objective is to safeguard and protect the interests of persons who are or who may become tenants of social landlords or recipients of services provided by social landlords (including people who are or who may become homeless and Gypsy Travellers). To deliver its objective, the SHR monitors, assesses and intervenes where appropriate, in relation to the performance of housing activities of council landlords.

44. Councils are required to comply with the Scottish Government's Social Housing Charter. The charter contains a total of 16 outcomes and standards that social landlords should aim to achieve (outcomes and standards in relation to homelessness duties apply to all councils and for Gypsy Travellers only to councils that manage sites for Gypsy Travellers). Each year councils complete an Annual Report on Charter (ARC) which sets out their progress against a set of charter indicators.

45. Each year the SHR carries out an annual risk assessment which monitors and assesses each local authority's performance of its housing activities. It uses information provided in the ARC as well as other information, such as that supplied by councils to the Scottish Government (for example, data on homelessness applications). This allows the SHR to determine any further engagement that it needs with councils for further assurance that they are complying with statutory and regulatory requirements and serving the interests of tenants and service users. This will be set out in published engagement plans for each council.

46. Engagement plans set out the reason for further engagement and the nature of that engagement. This can range from requiring further information, to regular monitoring of performance, or carrying out a detailed inquiry. The SHR may engage with a council about one, or more, of four broad areas:

- Service quality (for example gas safety)
- Services for people who are homeless
- Compliance with minimum site standards for Gypsy Travellers
- Other (for example gas safety).

New regulatory framework



47. The SHR's new framework came into force on 1 April 2019. It contains a requirement for each council to assure itself that it has complied with all regulatory requirements in relation to the performance of its housing activities and thereafter to provide a statement of assurance to the SHR. The statement must be submitted by 31 October each year and be approved by the relevant committee of the council prior to submission.

48. In 2019/20, the SHR will visit a small number of councils to review processes for gaining assurance of compliance with regulatory requirements. It will decide which councils to visit at the start of November 2019, with visits to be completed by February 2020.

Other scrutiny activity impacting on local government


49. Both Her Majesty's Fire Services Inspectorate and Her Majesty's Inspectorate of Constabulary in Scotland carry out local area-based inspection activity that involves contact with councils.

Her Majesty's Fire Services Inspectorate (HMFSI)

50. HMFSI undertakes a programme of inspections throughout the Scottish Fire and Rescue Service (SFRS) delivery areas, to examine local service delivery across Scotland. These inspections will examine, among other things, local scrutiny and engagement between the SFRS and councils. As part of its business plan programme for 2019/20, HMFSI intends to inspect service delivery in Dumfries and Galloway and City of Edinburgh. In addition, within its business plan, HMFSI has a programme of thematic review inspections planned, but this work is unlikely to result in contact with local authorities. However, HMFSI may also carry out ad hoc inspections in response to specific events, which could involve contact with local authorities. Further details are available on its [website](#)  and in its [Scrutiny Plan 2016–21](#) .

Her Majesty's Inspectorate of Constabulary in Scotland (HMICS)

51. HMICS is committed to assessing the quality of policing service experienced by communities across the country and reporting publicly on how well Police Scotland is delivering against local priorities. It does this through its programme of Local Policing+ inspections. These local police inspections cover partnership working and, in particular, local scrutiny and engagement between Police Scotland and councils and the local Community Planning Partnership and Community Safety Partnership. They also include a 'plus' element, which aims to investigate national issues through a local lens.

52. In 2019/20, HMICS will not be carrying out an inspection into a specific local police division. Rather it will examine a number of significant policing issues and see how those issues are addressed in different parts of Scotland. Further details are available in its [Annual Scrutiny Plan 2019–20](#) .

Future work




53. In the main, scrutiny bodies publish details of the councils and partnerships that they will be auditing and inspecting on an annual basis. Predominantly this is because the programmes are responsive to emerging risks. In some cases, longer-term plans are also published, as outlined below.

Audit Scotland/Accounts Commission

54. The final year of the Account's Commission's five-year Best Value programme is 2021. The remaining six councils where BVARs will be published in 2021 are:

- Shetland Islands Council
- Comhairle nan Eilean Siar
- East Dunbartonshire Council
- South Ayrshire Council
- Angus Council
- Aberdeen City Council.

The Accounts Commission is considering the future approach to auditing Best Value in councils beyond 2021.

55. Audit Scotland's five-year rolling programme of national performance audits currently covers the period up to 2023/24. Further details on each of the audits in the performance audit programme are available [here](#) . Performance audit work that will begin to be carried out but reported in 2020/2021 includes:

- digital progress in local government
- supporting economic growth: the role of local authorities
- legacy of the 2014 Commonwealth Games
- outcomes for children with additional support needs
- social care sustainability
- waste management.

Care Inspectorate

Inspection of adult support and protection (ASP) arrangements

56. Inspection of adult support and protection (ASP) arrangements are carried out by direction of the Cabinet Secretary in response to findings of the ASP thematic review published in 2018. They are designed to raise the profile of adult support and protection commensurate with the priority given to child protection. The Care Inspectorate leads these inspections and carries them out in partnership with Healthcare Improvement Scotland and Her Majesty's Inspectorate of Constabulary in Scotland.

57. The programme will include visits to all 26 local authority areas not inspected in the 2018 thematic review, over a two year period. The programme is expected to commence in autumn 2019, with the scheduling of council areas to be determined in conjunction with a programme reference group. The order in which these inspections will be carried out has not yet been agreed.

Inspection to provide assurance about whether integrated health and care is improving experiences and outcomes for individuals

58. The Care Inspectorate and Healthcare Improvement Scotland are jointly developing a new inspection methodology to provide assurance about whether integrated health and care is improving experiences and outcomes for individuals. This will replace joint inspections of strategic planning. This new approach is being developed under direction of a Ministerial Steering Group on Integration to meet responsibilities under Public Bodies (Joint Working) (Scotland) Act. It is expected that pilot inspections will begin in 2020, with criteria for selecting council areas to be inspected still to be determined.

Education Scotland

59. Over the course of the year, HM Inspectors of Education will give due consideration to the outcomes of its inspections of schools, settings, and services which are the responsibility of the each local authority. It will respond to identified risk as appropriate. Where a scrutiny response is required, Education Scotland will take account of other scrutiny partners' existing commitments as outlined in the National Scrutiny Plan.

Scottish Housing Regulator

60. The SHR uses thematic work to look in depth at specific areas of local authorities' work. Thematic work also informs the SHR's advisory guidance and risk assessments and lets it share positive practice. From 2020/21 the SHR plans to develop a programme of thematic work with a clear focus on its priorities:

- homelessness
- affordable rents
- value for money
- tenant and resident safety.

Appendix

Strategic Scrutiny Group members



Operational group members shown in bold

Accounts Commission	The Accounts Commission is a non-departmental public body. The Accounts Commission is the public's independent watchdog for local government in Scotland. Its role is to examine how Scotland's 32 councils manage their finances, help these bodies manage their resources efficiently and effectively, promote Best Value and publish information every year about how they perform.
Audit Scotland	Audit Scotland is a statutory body providing services to the Accounts Commission and the Auditor General for Scotland. Working together, they ensure that public sector bodies in Scotland are held to account for the proper, efficient and effective use of public funds.
Care Inspectorate	The Care Inspectorate is a non-departmental public body. The Care Inspectorate's purpose is to provide assurance and protection for people who use care, social work and children's services.
Education Scotland	Education Scotland is an executive agency. It is the Scottish Government's national development and improvement agency for education. It is charged with providing support and challenge to the education system, from early years to adult learning, in line with the government's policy objectives.
Healthcare Improvement Scotland	Healthcare Improvement Scotland is a health body. Its function is to improve the quality of the care and experience of every person in Scotland every time they access healthcare by supporting healthcare providers.
Her Majesty's Fire Service Inspectorate	Her Majesty's Fire Service Inspectorate in Scotland exists to provide independent, risk-based and proportionate professional inspection of the Scottish Fire and Rescue Service. Its purpose is to give assurance to the Scottish public and Scottish ministers that the service is working in an efficient and effective way, and to promote improvement in the service. Through this, the Inspectorate provides external quality assurance to the service, and provides support to the service in delivering its functions.


Her Majesty's Inspectorate of Constabulary in Scotland	Her Majesty's Inspectorate of Constabulary in Scotland provides independent scrutiny of both Police Scotland and the Scottish Police Authority. Its approach is to support Police Scotland and the Authority to deliver services that are high quality, continually improving, effective and responsive to local needs. It can inspect other UK police services that operate in Scotland and is a member of the National Preventive Mechanism, inspecting police custody centres to monitor the treatment and conditions for detainees.
Her Majesty's Inspectorate of Prisons for Scotland	Her Majesty's Chief Inspector of Prisons for Scotland provides oversight and scrutiny of the 15 prisons in Scotland, by way of inspection and monitoring, in order to report on the conditions in prison and the treatment of prisoners. Monitoring is conducted by volunteer independent prison monitors, who are required to visit every prison every week, to respond to prisoners' requests and to monitor conditions. It also has responsibility for inspecting court custody cells and the conditions in which prisoners are transported.
Inspectorate of Prosecution in Scotland	<p>The Inspectorate of Prosecution in Scotland is headed by HM Chief Inspector who reports directly to the Lord Advocate.</p> <p>The aim of the inspectorate is to enhance the quality of service and public confidence in the Crown Office and Procurator Fiscal Service through independent inspection and evaluation.</p>
Scottish Housing Regulator	The Scottish Housing Regulator is a non-ministerial department. Its statutory objective is to safeguard and promote the interests of people who are or may become homeless, tenants of social landlords, or recipients of housing services provided by social landlords.

National scrutiny plan

A summary of local government strategic scrutiny activity

This report is available in PDF and RTF formats, along with a podcast summary at:

www.audit-scotland.gov.uk 

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MEETING: 10 OCTOBER 2019

REPORT BY: SECRETARY TO THE COMMISSION

BEST VALUE ASSURANCE REPORT: SCOTTISH BORDERS COUNCIL

Purpose

1. The purpose of this paper is to introduce for the Commission's consideration the Controller of Audit's Best Value Assurance Report for Scottish Borders Council.

Background

2. A key objective of the approach to auditing Best Value is to allow the Commission to provide more regular assurance to the public about how councils are performing in relation to their Best Value statutory duties. It is intended that this will be achieved by the Controller of Audit submitting a Best Value Assurance Report (BVAR) on each council at least once during the five-year audit appointment and by Best Value being reported in annual audit reports.
3. The attached BVAR (Appendix 1) is on Scottish Borders Council. This is the first BVAR on the council and assesses its progress since the Controller of Audit reported on the council to the Commission in April 2010 and the Commission's findings were published [in May 2010](#) (set out in Appendix 2).

The Controller of Audit report

4. The BVAR is made by the Controller of Audit to the Commission under section 102(1) of the Local Government (Scotland) Act 1973 (as amended by subsequent legislation including the Local Government in Scotland Act 2003).
5. The legislation enables the Controller of Audit to make reports to the Commission with respect to:
 - the accounts of local authorities audited under the Act;
 - any matters arising from the accounts of any of those authorities or from the auditing of those accounts being matters that the Controller considers should be considered by the local authority or brought to the attention of the public; and
 - the performance by a local authority of their statutory duties in relation to best value and community planning.
6. A copy of the report is being sent to the Council, which is obliged to supply a copy to each elected member of the Council and to make additional copies available for public inspection. Once the Controller of Audit's report is sent to the Council, it is effectively in the public domain.
7. The report concludes with a series of recommendations proposed by the Controller of Audit, which are to be part of the Commission's considerations.

Procedure

8. The legislation provides that, on receipt of a Controller of Audit report, the Commission may do, in any order, all or any of the following, or none of them:

- direct the Controller of Audit to carry out further investigations
 - hold a hearing
 - state its findings.
9. Findings may include recommendations and the persons to whom those recommendations may be made include Scottish Ministers, who have powers to make an enforcement direction requiring an authority to take such action as is specified in the direction.
10. Members of the audit team will be present at the Commission's meeting and will be available to answer questions on the evidence and judgements presented in the report. This is done in the public part of the Commission meeting.
11. The Commission is then expected to consider in private how it wishes to proceed. Subsequently, the Commission is obliged by statute to inform the council of its decision, which the Commission does before making the decision public.

Conclusion

12. The Commission is invited to:
- a) consider the Controller of Audit's BVAR on Scottish Borders Council
 - b) decide in private how it wishes to proceed.

Paul Reilly
Secretary to the Commission
30 September 2019

APPENDIX 1:

BEST VALUE ASSURANCE REPORT: SCOTTISH BORDERS COUNCIL

See separate paper.

APPENDIX 2:

AUDIT OF BEST VALUE – SCOTTISH BORDERS COUNCIL: COMMISSION FINDINGS

MAY 2010

1. The Accounts Commission accepts this report from the Controller of Audit on Scottish Borders Council's performance of its statutory duties on Best Value and Community Planning. The Commission accepts the Controller of Audit's judgements that, in respect of these duties, the council is improving well and that it is well placed to deliver future improvement.
2. The Commission gratefully acknowledges the co-operation provided to the audit team by the leader, elected members, chief executive and other officers of the council and its community planning partners, in particular for their constructive approach to being a pathfinder Best Value 2 area. The Commission also gratefully acknowledges that this report arises from work conducted in close co-operation with colleagues from other local government inspectorates.
3. The council benefits from strong political and management leadership, and has effective governance. The council delivers services which are generally of good quality, have improved in recent years and are well-regarded by the local community. The Commission particularly welcomes evidence of good and improving service delivery within social work and education services.
4. The council works well with its partners and we welcome evidence of effective collaboration on services such as health improvement, jointly-provided social care, community safety and child protection. This effective partnership working is achieving good outcomes for the local community. We welcome particular notable examples of partnership working such as the co-location of services in Peebles and the equalities and diversity officer jointly funded with NHS Borders. The council is working more closely on shared services with other authorities in the east of Scotland, but this is still at the planning stages and has not yet had a significant effect on service delivery.
5. The council has a good awareness of its own capacity and need for improvement, and has set out a clear strategic direction. It has a coherent business transformation programme, although progress against it has been slower than anticipated. We also note that progress has been slow on improvement on some important areas highlighted in the 2007 Best Value audit of the council, such as regulatory and technical services, roads and asset management. The council needs to ensure that it has the capacity to deliver its programme.
6. The Commission particularly welcomes the council's simplified staff grading system, which will potentially increase opportunities for more flexible working and development. Workforce planning and staff appraisal do, however, need to be further developed and applied across the organisation.
7. We would urge the council to ensure that it develops fully the mechanisms for testing and scrutinising value for money across its services, and its capacity to present robust options appraisal. It has set a very challenging efficiency savings target, and its processes for managing performance need to become firmly established to support the delivery of this target.
8. The issues identified in this report will inform the Assurance and Improvement Plan for scrutiny of Scottish Borders Council over the next three years. Local audit and inspection teams will continue to monitor progress.

Scottish Borders Council

Best Value Assurance Report



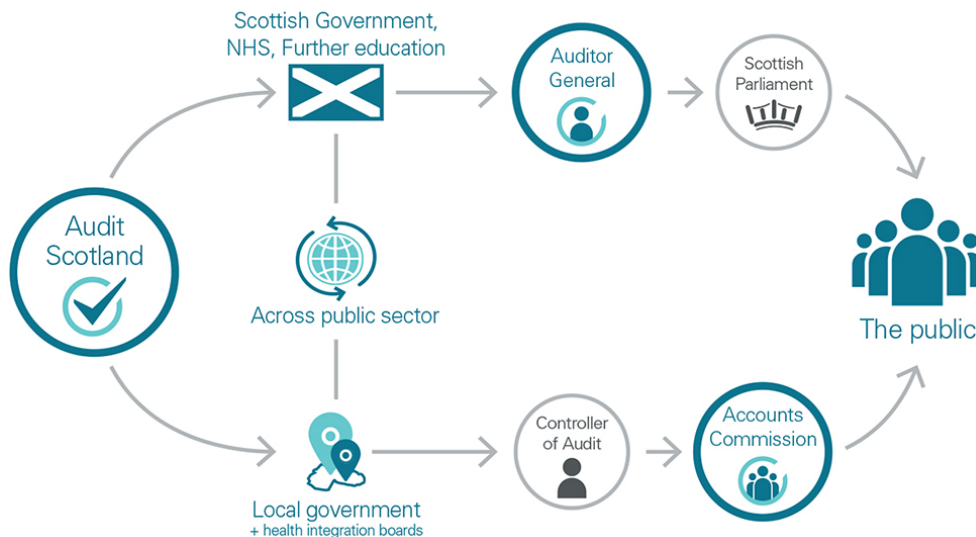
Prepared by Audit Scotland

October 2019

Who we are

The Auditor General, the Accounts Commission and Audit Scotland work together to deliver public audit in Scotland:

- The Auditor General is an independent crown appointment, made on the recommendation of the Scottish Parliament, to audit the Scottish Government, NHS and other bodies and report to Parliament on their financial health and performance.
- The Accounts Commission is an independent public body appointed by Scottish ministers to hold local government to account. The Controller of Audit is an independent post established by statute, with powers to report directly to the Commission on the audit of local government.
- Audit Scotland is governed by a board, consisting of the Auditor General, the chair of the Accounts Commission, a non-executive board chair, and two non-executive members appointed by the Scottish Commission for Public Audit, a commission of the Scottish Parliament.



About us

Our vision is to be a world-class audit organisation that improves the use of public money.

Through our work for the Auditor General and the Accounts Commission, we provide independent assurance to the people of Scotland that public money is spent properly and provides value. We aim to achieve this by:

- carrying out relevant and timely audits of the way the public sector manages and spends money
- reporting our findings and conclusions in public
- identifying risks, making clear and relevant recommendations.

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Key facts



1,827	115,300	3,568	34
Square miles in area	Population	Workforce (full-time equivalent employees)	Elected members 14 Scottish Conservative and Unionist 9 Scottish National Party 9 Independent 2 Scottish Liberal Democrats
None	£284 million	£386 million	£30 million
Council houses	2019/20 revenue budget¹	2019/20–2028/29 capital budget²	2019/20–2023/24 savings required

1. The revenue budget covers day-to-day costs such as wages and the provision of services.

2. The capital budget covers the cost of major projects such as building schools and town centre regeneration projects.

Audit approach

1. The statutory duty of Best Value was introduced in the Local Government in Scotland Act 2003. The audit of Best Value is a continuous process that forms part of the annual audit of every council. Findings are reported each year through the [Annual Audit Report](#). In addition, the Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council.

2. This is the first assurance report on Scottish Borders Council. The findings from [a previous Best Value report](#) on the council in 2010 are summarised in [Exhibit 12 \(page 41\)](#). This report aims to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's strategic audit priorities. We are looking for councils to demonstrate Best Value by showing continuous improvement in how they deliver services. The pace and depth of this improvement is key to how well councils meet their priorities in future.

3. Our audit approach is proportionate and risk-based and so reflects the context, risks and performance of the individual council. It also draws on the intelligence from audit and scrutiny work in previous years. In keeping with this approach, we conducted some initial work to identify risks and council initiatives to build into the scope of our audit. This included a review of previous audit and inspection reports and intelligence, a review of key council documents, initial meetings with senior officers and reflection on our wider public sector knowledge and experience.

4. [Exhibit 1 \(page 6\)](#) shows the areas we decided to focus on. Our detailed audit work was undertaken between January and May 2019 and included:

- interviewing elected members, senior officers and council partners
- observing a range of council and committee meetings
- discussion with trade unions
- reviewing documents and analysing data
- meeting focus groups.

5. We gratefully acknowledge the cooperation and assistance provided to the audit team by elected members, officers and the council's partner organisations. As part of the annual audit of the council, our future work will follow up the findings and recommendations in this report. It will also include more detailed audit work on other Best Value areas as appropriate.

Exhibit 1

Key areas of focus for our audit

The audit considered a broad range of issues.



Vision and strategic direction (Part 1)

- The council's vision and strategic direction. This includes how well its leadership works together to deliver priorities set out in the council's corporate plan 2018–2023 (Our plan for 2018-2023 and your part in it).¹



Performance (Part 2)

- An assessment of how the council monitors trends in outcomes/performance and the reporting of these, including the council's public performance reporting.
- The link between the council's self-evaluation, improvement actions and changes in outcomes for local people.



Use of resources (Part 3)

- Financial management
- Procurement
- How effectively the council uses workforce planning to support the delivery of its priorities.



Partnership working (Part 4)

- How well the council delivers services through partnership and collaborative working, including: the Scottish Borders Health and Social Care Integration Joint Board, arm's-length external organisations, the Edinburgh and South-East Scotland City Region Deal and community empowerment.



Continuous improvement (Part 5)

- Progress of the council's ongoing transformation programme
- Progress against key judgements in the 2010 Best Value report.

Source: Audit Scotland

Key messages

- 1** The council has made steady progress overall since the 2010 Best Value audit. It has more to do to demonstrate Best Value on some matters including embedding and sustaining a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking. This would help it to more clearly evidence progress on its corporate and partnership-related objectives.
- 2** In 2017, the council saw many new elected members and offered a coordinated approach to induction. It now needs to support elected members through individual training plans. The council's vision for 2017–2022 prioritises six strategic themes, reflecting long-standing challenges. Members and officers demonstrate a strong commitment to working together for the fulfilment of the vision, while effective governance arrangements ensure opportunity for challenge and scrutiny.
- 3** Since 2010 the council has made good progress with its transformation agenda. Recognising a need to increase its pace of change and be more innovative, the council began its challenging Fit for 2024 corporate transformation programme in February 2019. This is intended to be a five-year rolling programme that will improve how the council is managed and save a further £30 million. The council should continue to ensure there is sufficient capacity to implement this programme while continuing to deliver public services.
- 4** Performance is good or improving in the key service areas of education and social work. The council is below average on many other national indicators and reports that its performance is improving on around half of its own performance indicators. Residents are more satisfied with their council's services than national data suggest. Performance reporting to members and the public should be more comprehensive and clearer about why performance has deteriorated and what action is being taken.
- 5** The council demonstrates effective financial planning and management. It has a good track record of making savings but its financial outlook, like most other councils', remains challenging. Workforce management has developed slowly and planning the future workforce remains a key issue. The council has begun a programme to improve communication with staff but must do more to understand and act on their views.
- 6** The council is a key partner in complex and ambitious economic initiatives. Significant leadership and resources will be required to achieve their objectives. Partnership working with NHS Borders, through the integrated joint board, could be improved. The council has made good progress with other aspects of joint working and recognises there are further opportunities for this. Where it provides services through arm's-length external organisations, the council recognises that the risk of potential conflicts of interest needs to be carefully managed.
- 7** Implementation of the Community Empowerment (Scotland) Act 2015 has been slow in some respects. The council and the Scottish Borders community planning partnership need to finalise and implement its locality plans. It also needs to implement a performance management framework that can measure progress against the community plan and locality plans.

Part 1

Does the council have clear strategic direction?



From 2010 to 2018 the council made good progress with its transformation agenda.

In 2017 the council saw many new elected members and offered a coordinated approach to induction. It now needs to support elected members through individual training plans.

Members and officers demonstrate a strong commitment to working together for the fulfilment of the vision, while effective governance arrangements ensure opportunity for challenge and scrutiny. The council vision for 2017–2022 prioritises six strategic themes, reflecting long-standing challenges.

The council should ensure there is sufficient capacity to implement its challenging Fit for 2024 corporate transformation programme while continuing to deliver public services.

The local context

6. The Scottish Borders covers 1,827 square miles and has a population of 115,300.² It is mostly rural, with dispersed settlements and no cities. Around a third of the population lives in settlements with fewer than 1,500 people. The Scottish Borders is one of the most sparsely-populated Scottish council areas, with an average population density of 63 people per square mile, considerably lower than the Scottish average of 180.³ The economy largely depends on the public sector, agriculture, residual traditional industries and numerous small businesses.

7. The profile of deprivation across the Scottish Borders suggests relatively few households are sited in extremely deprived areas. Overall, 6.6 per cent of the population live in the 20 per cent most deprived of Scotland's 7,000 population datazones, with pockets of deprivation in Galashiels, Hawick and Selkirk.⁴ Data zones are small areas with roughly equal populations. Focusing on small areas helps to highlight the different issues in each neighbourhood.⁵

8. Demographic change in the Scottish Borders will have a significant impact on the demand for council services. The population forecast for 2016–2041 expects changes including:

- The total population of the Scottish Borders is forecast to increase by 2.4 per cent (compared with 5.3 per cent for Scotland overall).
- The number of children (aged 0-15) is forecast to decrease by 0.6 per cent (compared with a 1.5 per cent decrease in Scotland as a whole).
- The number of people of working age is forecast to decrease by 5.6 per cent (compared with a 1.1 per cent increase in Scotland as a whole).
- The number of people of pensionable age is forecast to increase by 23.1 per cent (compared with a 25.1 per cent increase in Scotland as a whole).
- The number of people aged 75 or over is forecast to increase by 80.0 per cent (compared with an increase of 78.6 per cent in Scotland as a whole).⁶

9. The council's challenges also include:

- ensuring effective transport infrastructure, particularly across the road network and bus services, which affect access to education, employment and markets
- delivering services such as roads, schools, care for the elderly and waste management in dispersed, remote and rural communities.

Since the last Best Value audit in 2010, the council has made good progress with its transformation agenda

10. The council's Business Transformation Programme (BTP) for 2010–2015 led to budget savings of £17.8 million. It was superseded by the Corporate Transformation Programme (CTP) in 2015, based around four themes: making best use of our people; working with our partners; looking after the Borders and business process transformation. The CTP's 14 projects were reduced to five strands in 2018:

- digital transformation
- workforce transformation
- children and young people
- corporate landlord (including property assets and energy efficiency)
- health and social care (including adult services).

11. Progress with the BTP and the CTP was monitored by the corporate management team (CMT) and reported quarterly to the council's Executive Committee, with annual reports to full council meetings. In 2015/16–2018/19, the council reported £49.0 million of savings from its revenue budget, including £35.1 million of recurring savings (see [Part 3](#)).

12. As well as participating in significant regional development projects over the last decade, including the reopening of the Borders Railway in 2015, the council has led numerous other developments, including:

- outsourcing information and communications technology to CGI
- developing a Digital Customer Access platform, which will help make the council more accessible to the public
- building three new primary schools, two new secondary schools and a new special school
- forming the Live Borders sport and leisure trust
- setting up SB Cares to provide adult social care services.

In 2017 the council saw many new elected members

13. The council has 34 elected members (members) across 11 multi-member wards. Like many Scottish councils, Scottish Borders Council lost a significant number of experienced members following the 2017 local government elections. Eighteen members were newly-elected, ten of whom were in the new administration. The administration is a coalition between the Scottish Conservative and Unionist Party and an independent alliance, currently comprising four of the nine independent members ([Exhibit 2, below](#)).

14. With such a significant change in administration, the CMT has had an important role in supporting both administration and opposition members. It can take time for new members to fully understand and take ownership of policy direction. Over two years into their five-year term of office, many members told us they were still 'getting to grips' with their roles and responsibilities.

Exhibit 2 Changes in the council's political administration

Coalition administrations are a feature of the council.

	Current administration 2017–2022	Previous administration 2012–2017
Leader	Scottish Conservative and Unionist	Independent
Administration	14 Scottish Conservative and Unionist 4 Independents	9 Scottish National Party 7 Independents 6 Scottish Liberal Democrats
Opposition	9 Scottish National Party 5 Independent 2 Scottish Liberal Democrats	9 Scottish Conservative and Unionist 3 Independents

Source: Scottish Borders Council

The council's priorities have evolved since 2010

The political administration for 2012–2017 prioritised four key areas

15. Following the 2012 elections, members in the council reached agreement around four key areas:

- general issues relating to the workings of Scottish Borders Council
- ensuring that economic development is a key driver for the administration
- investing in children and young people
- improving life in the Scottish Borders.

16. In 2013 the council's corporate plan for 2013–2018 detailed a further eight priorities.

17. In 2014, the chief executive reported to a meeting of the full council that '*After two years, just over 70 per cent of commitments covered in the [2012 Ambitious for the Borders] Agreement have either been achieved fully or significant progress has been made. There is further work to do over the next three years to ensure that all the commitments made are addressed.*' The council adopted an updated Ambitious for the Borders document in 2015 with sustainable economic development as its top priority and produced an updated corporate plan for 2013–2018.

18. In 2014, the council also led a strategic assessment of the Scottish Borders for the community planning partnership (CPP), which includes the council. The assessment identified three priorities: growing the economy, reducing inequalities and maximising the impact of the low-carbon economy. An updated strategic assessment in 2016 took stock in relation to the Scottish Government's 16 national outcomes and reiterated the same three CPP priorities as in 2014.

The council's vision for 2017–2022 prioritises six strategic themes, reflecting long-standing challenges

19. In 2017 the new political administration published 'Connected Borders 2017–2022: the vision of Scottish Borders Council's Administration'. It drew on evidence such as demographic and employment information, although it did not explain how the views of communities had been incorporated. The six themes relate to: connected communities; communities of enterprise, beauty, well-being, caring; and communities that are empowered. Four principles underpin the commitments made to realise the vision: consensus, equality, innovation and community. This document was formally adopted as the council's vision in September 2017.⁷ It reflects long-standing challenges in the area, such as its predominantly rural geography, transport networks and the importance of education in relation to economic development. In February 2018 the council produced its current corporate plan (Our plan for 2018–2023 and your part in it).⁸ It covers an overlapping period from the Connected Borders vision statement, with four related themes which cover issues similar to the six strategic themes adopted by the council five months earlier:

- our services for you
- independent, achieving people
- empowered, vibrant communities
- a thriving economy with opportunities for everyone.

20. The council also led the production of the CPP's Local Outcome Improvement Plan (LOIP) for people in the Borders, in May 2018 (see [Part 4](#)). Termed the 'Community Plan' by the council and its partners, its four themes are related to those in the council's current vision and corporate plan.

Members and officers demonstrate a strong commitment to working together for the fulfilment of the vision, while effective governance arrangements ensure opportunity for challenge and scrutiny

The council adopted a new executive and scrutiny structure in 2015

21. Two of the council's key committees are the Executive Committee and the Audit and Scrutiny Committee. Currently, the Executive Committee comprises members of the political administration and is the key decision-making and monitoring committee. For example, quarterly budget monitoring reports are presented to this committee for monitoring and control purposes, including the year-end financial position. The Audit and Scrutiny Committee has both administration and opposition members. As part of its scrutiny function, it reviews the implementation of policy decisions on a wide range of topics, such as the implementation of the council's information technology strategy and its handling of major property issues. Both committees operate effectively. The council also appoints members to the Scottish Borders Health and Social Care Integration Joint Board (IJB) (see [Part 4](#)).

The council plans and delivers services in five geographical localities

22. The five localities are Berwickshire, Cheviot, Eildon, Teviot and Liddesdale, and Tweeddale. They also form the basis of the council's leadership of community planning in the Scottish Borders, and of the work of NHS Borders and the IJB. Each locality has an area partnership that aims to bring together key organisations,

groups, businesses and individuals from across the public, private and third sectors and local communities. Meetings of the area partnerships are attended by council members and are open to the public, with their documents on the council's website.

Scrutiny works well

23. In committee and full council meetings, we observed the effective scrutiny and challenge of officers' reports. Some members told us that their council work would benefit from more concise committee reports being provided sooner than the current one week in advance of a meeting, to allow more time for consideration. They recognised this is not always feasible. Working relationships between members and officers are respectful and constructive. Members have good access to the CMT and other officers for queries, guidance and information.

Risk management has room for improvement

24. In 2018, the Audit and Scrutiny Committee approved a refreshed risk management policy and a three-year risk management strategy. The corporate risk register and all service risk registers are reviewed quarterly, with good arrangements for reporting on risk to the CMT and members. In May 2019, the councils Internal Audit function reported to the Audit and Scrutiny Committee that:

- There was a gap in linking corporate and service risk registers to business plans and the business planning process.
- Where mitigating actions were required, they should be matched to relevant risks so that managers have an overview of all key performance indicators, actions and risks in one place.
- This will require ongoing engagement with risk owners.

Service planning is effective

25. In 2016/17, the council had three-year business plans for each key service. From 2018/19, financial, business and people planning was integrated, with a focus on meeting significant financial savings. The integrated plans were refreshed for 2019/20. Each service area detailed its spending and savings plans along with an explanatory narrative. The integrated plans could be improved through adopting a consistent approach to plans between departments, and sharing of best practice.

Training and support for members needs tailored to their individual needs, based on previous induction and briefing events

26. The induction of members elected in 2017 was well-organised by officers and was appreciated by members. Members who were elected to the council for the first time faced a steep learning curve. Some induction events were available to all members while participation was mandatory for members of certain committees, such as on licencing and planning matters. Subsequently, support for all members has primarily involved officers offering members a series of briefings.⁹ Many members told us that they found the briefings topical. However, they could be made more accessible to members by being made available online.

27. At the time of the audit, the council had not developed individualised training plans for members – something it should have made more progress on. In 2016 our report [*How councils work: Roles and responsibilities in councils – Are you still getting it right?*](#) explained the importance of continuing professional development (CPD) in equipping members with the skills and tools they need. The council intended to start a members' development programme in September 2019. Discussions were also underway with the Improvement Service to use its members' CPD framework and to include personal development plans for members.

Recognising a need to increase its pace of change and be more innovative, the council began its Fit for 2024 corporate transformation programme in February 2019

Fit for 2024 is a challenging programme of work

28. Fit for 2024 is intended to be a five-year rolling programme of corporate transformation aimed at improving how the council is managed and achieving a further £30 million of budget savings.¹⁰ Fit for 2024 says:

‘It is a fair assessment to suggest that the outlook for the council remains extremely challenging... It should be recognised that Fit for 2024 raises fundamental questions about the future shape of Scottish Borders Council.’

29. Fit for 2024 emphasises the importance of a cross-cutting approach and of the programme being driven corporately. Its seven main aspects are covered more fully in [Part 5](#):

- a whole-council service review and redesign programme
- enhancing community engagement, participation and empowerment
- making best use of physical assets, assisted by a corporate landlord model
- investing in well-planned and designed digital solutions
- developing the workforce’s skills, flexibility and working patterns
- optimising partnership resources
- making process and productivity improvements.

Exhibit 3

Corporate management team structure

CMT members have lead roles plus cross-cutting roles that they manage in the council and with its partners.

Statutory officers	➔	Other or cross-cutting roles include
Chief executive officer		-
Chief social work officer		Public protection
Chief financial officer		Business improvement
Monitoring officer		-
Executive directors	➔	Other or cross-cutting roles include
Commercial		Managing director of SB Cares
Strategic partnerships		Economic development
Service directors	➔	Other or cross-cutting roles include
Assets and Infrastructure		Maximising capital investment through collaboration and partnership
Children and young people		Reducing inequalities
Customer and Communities		Community engagement
Human resources, transformation, communication		Employability
Regulatory services		-
Joint roles with NHS Borders		
Chief officer, integrated health and social care		-
Director of public health		-

Source: Scottish Borders Council

The council has been proactive in providing direct support to partnership initiatives through secondments but must ensure it has capacity to implement the Fit for 2024 programme while continuing to deliver public services

30. The council has been proactive in supporting wider partnership initiatives through secondments of some of its senior officers. The council views these opportunities as providing unique insight and access to shape economic development, and as a means of the council realising its ambitions for the area.

31. Both the council's executive directors spend the majority of their time on secondment in lead roles within other organisations. The Executive Director for Commercial Activity is also the managing director of SB Cares four days a week ([Exhibit 3, page 13](#)). This arm's-length external organisation (ALEO) was established by the council to provide adult social care services.

32. The Executive Director for Strategic Partnerships is seconded to the Scottish Government for three days a week to help establish the South of Scotland Enterprise Agency.

33. The CMT also has roles in three ongoing major economic development initiatives: the Edinburgh and South-East Scotland City Region Deal, the Borderlands Inclusive Growth Deal and the South of Scotland Enterprise Agency ([Part 4](#)).

34. While this is a positive and innovative approach aimed at realising the council's wider ambitions, it must continue to ensure that there is sufficient capacity to deliver local services and its Fit for 2024 programme commitments in a sustainable way.

The council needs its staff to buy in to implementing Fit for 2024

35. The success of Fit for 2024 will depend on the active participation of staff from across the council. They need to feel informed, involved, valued and motivated. We found evidence of staff lacking awareness of their role in the programme and how it affects them. Staff who are not office-based, such as those in roads maintenance depots and waste services, are at greater risk of feeling disconnected and disengaged.

36. The CMT recognises that it needs to increase its visibility and engagement with staff at this critical time to drive progress. In particular it is aware of the need for more and better-quality engagement with staff about their role in Fit for 2024. Practical steps to enhance communication are at an early stage and at the time of the audit:

- The council had developed an online staff e-magazine, with contributions from CMT members.
- A staff web page about Fit for 2024 had been set up.
- In July 2019, over 100 staff attended a briefing on Fit for 2024, led by CMT members, in the council's headquarters. Staff had an opportunity to ask questions and raise their concerns.
- CMT members and other senior officers were involved in an ongoing series of staff engagement events, including visits to depots and other local facilities.

Part 2

How well is the council performing?



Performance is good or improving in the key service areas of education and social work.

The council's performance was maintained or improved on 68 per cent of national indicators relevant to its priorities and services between 2013/14 and 2017/18. Its performance remained below the national average on many.

The council reports improvements on around half of its own performance indicators.

Residents are more satisfied with their council's services than national data suggest.

The council needs to embed a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.

Public performance reporting should be more comprehensive and clearer about why performance has deteriorated and what action is being taken.

Performance is good or improving in the key service areas of education and social work

37. The Local Government Benchmarking Framework (LGBF) enables a council to compare its performance with that of other councils and the average for all councils. Performance relative to other councils can be gauged by considering how all councils are performing, from highest to lowest for each indicator, and dividing relative performance into four equal bands or quartiles. Quartile 1 contains the best-performing councils and quarter 4 contains the poorest-performing councils.

Education services continue to perform well overall. Outcomes for children are above the national average and improving

38. The council's performance against the LGBF indicator for the proportion of pupils entering 'positive destinations' improved from an already-high level, from 94.4 per cent in 2013/14 to 95.8 per cent in 2016/17. Positive destinations include higher education, further education, training, voluntary work and employment.

39. Performance improved for pupils' average total educational tariff. Also improved was the proportion of pupils from the most-deprived areas, who gained five or more awards at both Scottish Qualifications Framework (SQF) Level 5 and Level 6.¹¹ Indicators of school attendance and exclusion rates improved from 2010/11–2016/17.

40. Education Scotland inspected community learning and development (CLD) services in the Scottish Borders in 2017. Key strengths included leadership, impact for participants and focus on equality.

41. In April 2018 Education Scotland found there was strong strategic leadership in education and children's services and increasing strengths in the council's approach to quality improvement.¹² The council had appropriate governance for ensuring educational provision was well-organised and well-led. Scrutiny outcomes, including inspections, were positive overall. Outcomes for children and young people were often above the national average and generally improving.

42. In October 2018 Education Scotland reported very good progress on its follow-up to a validated self-evaluation of educational psychology services (EPS) in August 2017¹³

Social work and social care services' performance is mixed but improving

43. From 2013/14 to 2016/17, three LGBF indicators improved:

- the proportion of children being looked after in the community improved from 84.4 to 88.6 per cent and from seventh to fourth in the family group
- the proportion of child protection re-registrations within 18 months improved from 13.9 to 3.9 per cent and from seventh to third in the family group
- the proportion of looked after children with more than one placement in the last year improved from 20.7 per cent to 18.9 per cent and from third to first in the family group.

44. The council's performance on the proportion of people aged 65 or over who have long-term care needs and receive personal care at home was sustained between 61 per cent and 64 per cent, with some variations year to year. Although above the family group median in 2013/14, the council's performance fell below it during this period.

45. The Community Planning Outcomes Profile (CPOP) helps to assess whether the lives of people in a community are improving, using a set of core measures of important life outcomes. Of the six CPOP indicators linked to social care and wellbeing, three improved from 2013/14 to 2017/18 including wellbeing, fuel poverty and emergency hospital admissions. The rate of improvement in emergency admissions and in fuel poverty was better than for the family group. By contrast, performance on three CPOP indicators declined, including early mortality, the fragility index and unplanned hospital attendances – which rose by 19.3 per cent, and by more than for the council's family group overall. The fragility index is compiled from three measures: overall depopulation in a community, the ratio of older people to the working age population and rural depopulation. It indicates the size of challenge presented by a changing population in a CPP's area.

46. In June 2016, the Care Inspectorate reported positively overall on an inspection of services for children and young people.¹⁴ Its recommendations were addressed in the CPP's integrated children and young peoples plan 2017–2020 and in its action plan for 2018–2019. Unfortunately, an updated integrated children and young people's plan for 2018–2021 did not specify timescales for planned improvements.¹⁵

47. The Care Inspectorate and Healthcare Improvement Scotland inspected health and social work services for older people, from October 2016 to February 2017.¹⁶ The delivery of key processes, strategic planning and plans to improve services,

leadership and direction were assessed as 'weak'. The IJB has since developed an improvement plan to address the inspection's recommendations. A progress report in May 2018 showed some improvement actions needed completion deadlines. A Progress review by Healthcare Improvement Scotland and the Care Inspectorate is under way.

48. In April 2019, the Care Inspectorate reported on a criminal justice social work inspection, which focused on people subject to community payback orders. The council was 'good' in terms of its impact on people who have committed offences, and at assessing and responding to risk and need. Operational managers supported staff well. Areas assessed as 'weak' areas were: improving the life chances and outcomes for people subject to a community payback order, and leadership of improvement and change. There was a lack of governance and oversight from senior officers and elected members and no performance management structure in place to drive service improvement.¹⁷

Economic development services' performance is good and improving

49. The economy has been a long-standing council priority and the council reports that performance has improved against a number of indicators including:

- The number of businesses supported by the Business Gateway increased from 1,085 in 2016/17 to 1,497 in 2018/19, an improvement of 38 per cent.
- Twenty-six contracts containing community benefit clauses were awarded in 2018/19, an increase of five (24 per cent) from the 21 awarded in 2017/18.
- The number of affordable homes delivered was substantially above the council's annual target of 128 homes – 145 in 2017/18 and 191 in 2018/19.

50. On ten relevant LGBF indicators, performance improved on five, remained the same for two indicators, and declined on three. The average time to process a business or industry planning application improved and the council remained first in its family group, although performance declined for the cost per application. The proportion of immediately available development land as a percentage of total land nearly trebled from 13 per cent in 2014/15 to 37 per cent in 2017/18.

51. The number of Business Gateway start-ups per 10,000 population decreased slightly from 20.4 in 2013/14 to 19.5 in 2017/18. Whilst the council remained fourth in its family group, its performance in 2017/18 was substantially above that for Scotland. There was more investment in economic development and tourism, but performance remained below the Scottish average and in the bottom three councils of its family group.

52. Performance improved for four economy-related CPOP indicators and declined for one, between 2013/14 and 2017/18. The indicators for which performance improved were the proportion of people receiving out-of-work benefits, the employment rate, median earnings and the proportion of business start-ups surviving. The business survival rate for the council's area is similar to that for its family group and for Scotland overall.

53. Economic development is a council priority, and the employment rate improved slightly from 74.1 per cent to 74.8 per cent. This was above the level for Scotland overall at 73.6 per cent, although national and family group improvement was faster over the same period.

Performance has been maintained or improved on 68 per cent of national performance indicators between 2013/14 and 2017/18

54. We analysed the council's performance for 44 LGBF indicators that are relevant to its priorities and services, and which have been reported on consistently from 2013/14 to 2017/18. In this period, the council's performance was maintained or improved on 25 (68 per cent) of the 44 indicators, in absolute terms ([Exhibit 4, page 18](#)). National LGBF data for 2018/19 have not yet been published.

Exhibit 4

Changes in the council's performance from 2013/14 to 2017/18

From a total of 44 comparable LGBF indicators, performance improved for 25 and declined for 14.

		Indicators	
Long-term performance, 2013/14 to 2017/18		Number	Percentage
↑	Improving performance	25	57
→	No change in performance	5	11
↓	Declining performance	14	32
Performance compared to Scottish average, 2017/18		Number	Percentage
↑	Better performance (by over 10 per cent)	8	18
→	Similar performance (within 10 per cent of the Scottish average)	16	36
↓	Worse performance (by over 10 per cent)	20	46

Note: our analysis excluded:

- Indicators for the cost of providing a service – because the size of the cost could be ambiguous. A higher cost could indicate investment in higher quality, and a lower cost may not mean better value for money.
- The indicator for the proportion of the highest-paid five per cent of employees who are women – because it does not have a bearing on the quality of a council's public services.
- Five indicators related to housing – because Scottish Borders Council does not own council houses.

Source: Improvement Service

55. From 2013/14 to 2017/18, the council's performance declined for 14 indicators and declined by a margin of ten per cent or over the following four indicators:

- quality ratings for children's early years' service providers – performance declined from 97.5 per cent of providers graded good or better for all quality themes, to 87.5 per cent
- the proportion of invoices sampled that were paid within 30 days – performance declined from 90.2 per cent to 78.0 per cent
- the proportion of procurement spent on local small/medium enterprises – performance declined from 28.5 per cent to 23.1 per cent
- the proportion of internal floor area of operational buildings in satisfactory condition – performance declined from 91.6 to 62.1 per cent.

56. In 2017/18, the council performed above the Scottish average by ten per cent or more for eight indicators (18 per cent) but was over ten per cent below average for 20 indicators (46 per cent), including:

- the proportion of unemployed people assisted into work by council-funded or operated employability programmes – 4.2 per cent (Scotland average 14.4 per cent)
- investment in economic development and tourism per 1,000 population – £43,132 (Scotland average £91,779).

The council's performance was below the national average on most indicators between 2013/14 and 2017/18

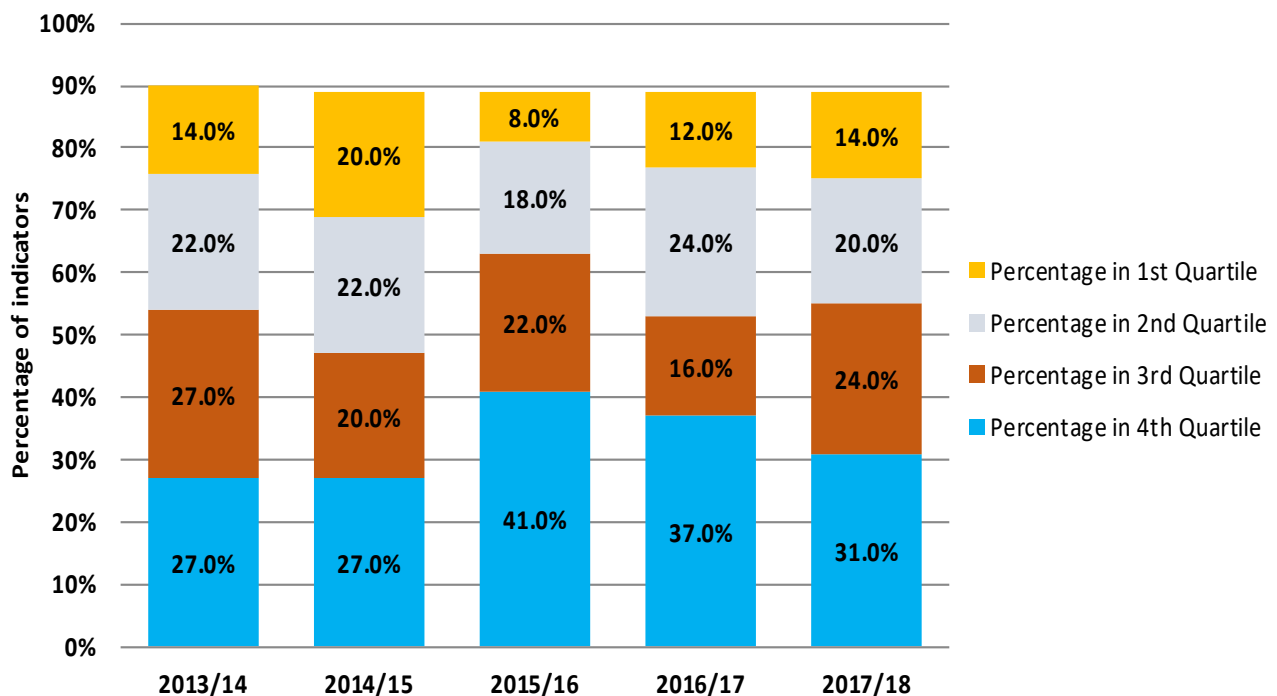
57. The council's performance has varied over time. [Exhibit 5 \(below\)](#) uses the same 44 indicators as [Exhibit 4 \(page 18\)](#). The proportion of the council's indicators in the upper two quartiles improved from 36 per cent in 2013/14 to a peak of 42 per cent in 2014/15 before falling back to 34 per cent in 2017/18. This means that the council consistently performed below the Scottish average for most of the 44 LGBF indicators we analysed.

58. Budget pressures influenced performance in services where the council reduced funding. These included leisure services, where budget reductions affected service quality – something the council had anticipated.

Exhibit 5

The council's LGBF relative performance, 2013/14 to 2017/18

During this period, the council's performance was below average for a majority of indicators.



Notes

Measuring the council's performance involved considering how all councils performed, from lowest to highest for each indicator. From this, it was possible to see how one council compared with all others. Relative performance against other councils was divided into four equal bands, or quartiles. The first quartile contained the best-performing councils for that indicator and the fourth quartile contained the poorest-performing councils.

The figures in each column do not total to 100 per cent because of rounding effects and because five LGBF indicators for the performance of housing services do not apply to this council, as it does not own council houses.

Source: Audit Scotland, Local Government Benchmarking Framework, Improvement Service

The council reports improvements on around half of its own performance indicators

59. Since 2018/19, the council has aligned its performance management framework with its current corporate plan, and it presented its first quarterly report in this revised format to the Executive Committee in September 2018. The 2018/19 summary report rated the council's performance as green ('improved') for 26 (52 per cent) of the 50 indicators it used ([Exhibit 6, below](#)). Performance was amber ('deteriorated') for 17 indicators (34 per cent) and was grey ('flat' or no comparator existed) for seven indicators (14 per cent).

Exhibit 6

The council's performance in 2018/19

In 2018/19, the council rated 52 per cent of its 50 indicators as green, meaning 'improved performance'.

Priority	Number of indicators			
	Grey	Amber	Green	Total
Our services for you	2	8	10	20
Independent, achieving people	3	4	6	13
Thriving economy, with opportunities for everyone	2	2	4	8
Empowered, vibrant communities	-	3	6	9
Overall (number)	7	17	26	50
Overall (per cent)	14	34	52	100

Note: since the previous year: Green = improved performance. Amber = performance deteriorated. Grey = performance was 'flat' or no comparator existed.

Source: Scottish Borders Council

Local residents are more satisfied with council services than national data suggest

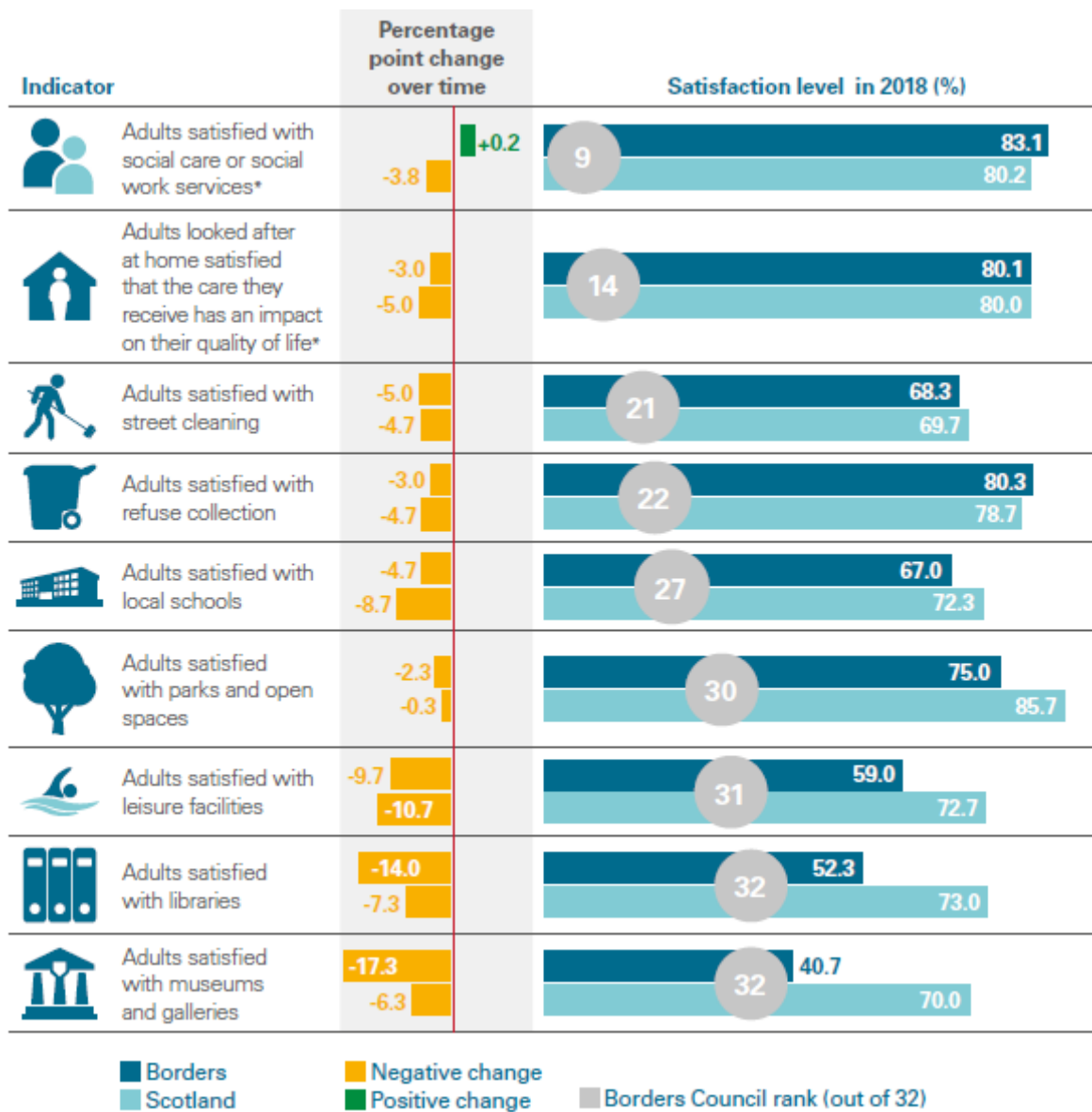
60. The LGBF uses nine indicators of service users' satisfaction with council services. These are based on national surveys such as the Scottish Household Survey (SHS).

61. Recent national data shows that satisfaction has declined across Scotland for all council services and this is also the case in the Scottish Borders ([Exhibit 7, page 21](#)). Satisfaction with the council's services declined from 2012–2018 on eight of the nine indicators and declined for four services at a faster rate than the national average. In 2018, the council was rated among the eight weakest councils on five indicators, including four indicators for which it was among the three weakest councils. This includes satisfaction with parks and open spaces, leisure facilities, libraries and museums and galleries. The council needs to better understand the reasons behind its relatively poor performance.

Exhibit 7

Customer satisfaction with council services, 2012-2018

Satisfaction with council services declined faster than the national average on four LGBF indicators.



Note: indicators marked '*' are from the Scottish Health and Care Experience Survey and presented for 2014/15 and 2017/18, ranked by 2017/18 data. A rank of 1 shows the best performing Scottish council and 32 shows the weakest one.

Source: Improvement Service

62. Since 2006, Scottish Borders Council has conducted a household survey to gather customer views of council services and life in the Scottish Borders. In the 2018 survey, 905 responses were received. The results were reported to the councils Executive Committee in February 2019.¹⁸ Feedback included:

- 55 per cent rated Scottish Borders Council as 'good' or 'excellent'
- 55 per cent 'agreed' or 'strongly agreed' that the council is good at letting people know how well it is performing
- 54 per cent 'agreed' or 'strongly agreed' the council provides high quality services

- 40 per cent 'agreed' or 'strongly agreed' that the council does the best it can with the money available (compared to 39 per cent for the Scotland average in the Scottish Household Survey)
- 31 per cent 'agreed' or 'strongly agreed' that the council designs services for the people who use them.

63. In individual services, results from the council's survey included:

- 83 per cent of respondents were satisfied with the kerbside waste collection service, whereas the LGBF data showed 80 per cent of adults were satisfied with refuse collection
- 77 per cent of respondents were satisfied with sport and leisure facilities, compared with 59 per cent for the corresponding LGBF indicator
- 59 per cent of respondents were satisfied with libraries, compared with 52 per cent for the corresponding LGBF indicator
- satisfaction with schools ranged from 68 per cent of respondents in Berwickshire to 81 per cent in Cheviot, compared with 67 per cent for the Scottish Borders overall according to the corresponding LGBF indicator.

64. The council found that a lower budget for parks and open spaces impaired its ability to conduct maintenance consistently at previous levels. Policy changes in 2018, such as changing the grass-cutting cycle from every ten days to every 20 days, partly explain the fall in satisfaction. The council has met with community councils and groups to discuss service changes and understand their impact.

65. The delivery of leisure facilities, libraries, museums and galleries is the remit of Live Borders, an ALEO established by the council. Live Borders does not survey customer satisfaction directly. Since 2018, its service managers have reviewed a quarterly 'net promoter score survey' and customer feedback to establish how services are viewed. Visitors to museums and galleries are encouraged to give feedback online through TripAdvisor.

The council needs to embed a culture of continuous improvement throughout the organisation

Benchmarking practice is inconsistent across the council

66. The Accounts Commission requires councils to report their performance using the national LGBF data. Although the council does this, it is unclear how it utilises the data to pursue service performance improvements systematically. Benchmarking is applied in some service areas including education and complaints handling, but the council should embed proactive, systematic use of this approach to drive performance improvements across all services.

There is room to improve performance reporting

67. Officers submit quarterly performance reports to the Executive Committee and an annual report in June each year. Members' scrutiny of the information reported to them is generally good. The Executive Committee has no opposition members, but opposition members can publicly scrutinise and challenge performance information in a meeting of all members in full council meetings.

68. In addition, officers invite all members to attend a private annual briefing on the council's performance. However, in January 2019, fewer than half of members (15 of 34) attended a briefing arranged by officers and no meeting record was kept.

69. Performance reports to the Executive Committee highlight activities that will affect performance in each corporate theme. However, they lack a clear, succinct overview of the council's position and the number of indicators; and the amounts of performance information provided vary significantly across the four corporate themes. There is insufficient explanation of areas identified for improvement.

70. The council's graphical public performance reporting (PPR) summary for 2018/19 makes it difficult for members and the public to gain a clear overview of the council's changing performance. It would be helpful to distinguish actual performance on an indicator from the performance trend to clarify, for example, situations where:

- performance was at a very high level and a small decrease is acceptable
- performance was adequate, and remains relatively unchanged over time
- performance was poor and any deterioration is not acceptable.

71. There is scope for performance reporting to more clearly and consistently include concise information on reasons for under-performance and actions to address these, helping drive planned continuous improvement. Although the council compares itself against its family groups for relevant LGBF indicators, this material is not part of the PPR summary and is not published on the council's website in a timely way.

Part 3

Is the council using its resources effectively?



The council demonstrates effective financial planning and management. It has a good track record of making savings but the financial outlook remains challenging.

Workforce management has developed gradually and workforce planning remains challenging. The council has begun a programme to improve communication with staff but must do more to understand and act on their views.

Procurement performance is good and improving.

The council demonstrates effective financial planning and management

Budget scrutiny is effective

72. Scrutiny of financial performance is delegated to the council's Executive Committee, which receives quarterly revenue and capital monitoring reports from officers. Financial reports include: commentary on performance, details of how performance differs from budgets, reasons for the variances and any necessary changes to budgets or reserve balances. These comprehensive reports facilitate transparency and openness. There is sufficient monitoring of financial information during the year, with members providing effective scrutiny.

A revenue plan with a five-year timespan is updated annually

73. The council has developed five-year revenue plans annually since 2013/14. The 2017/18 external audit recommended that the council should introduce high-level, longer-term scenario planning for the next ten years. This commenced with the 2018/19 revenue budget.

The council consults stakeholders online about its budget

74. The budget-setting process includes input from services and contributions from stakeholders and residents, with the council using an online Dialogue Community Engagement Tool to seek ideas and comments. The 2019/20 budget was discussed at meetings of all five locality partnerships ahead of the full council meeting that set the budget in February 2019.

A capital planning strategy spanning ten years is updated annually

75. A ten-year capital plan is prepared annually as part of the budget setting process. The capital investment strategy for 2019/20 links the council's investment priorities to the themes of the current corporate plan. Although there has been some slippage each year, the council has generally implemented its capital plans effectively.

76. The capital plan for 2019/20–2028/29 anticipates £386 million of investment, including £171 million in the three-year operational plan and the remaining £215 million within a seven-year strategic plan. The largest items of spend are roads and bridges infrastructure (£80 million), the Hawick flood protection scheme (£52 million) and the new Hawick high school (£40 million). The plan will be funded by the general capital grant (£155 million), Scottish Government grants (£70 million), developer contributions (£1.2 million), external grants (£16 million), capital receipts (£5.0 million), the plant and vehicle replacement fund (£20 million), the synthetic pitch replacement fund (£4.2 million), and borrowing (£115 million).

The council has a clear policy for managing its reserves

77. The council reviews the level of its uncommitted financial reserves when setting its budget each year. The review is based on an assessment of corporate risks, with each risk being assigned a likely financial value as well as a likelihood of the risk occurring. The council expects that it is unlikely all risks would transpire simultaneously. Earmarked reserves are maintained to fund specific initiatives, such as the council's energy efficiency fund.

78. The 2019/20 budget planned to maintain an unallocated General Fund reserve of £6.3 million. The unallocated balance projected at 31 March 2019 equated to 2.2 per cent of the council's net revenue expenditure and was sufficient to cover 54 per cent of the risks identified in the finance risk register should they be realised.

79. The council has largely maintained its level of useable reserves in recent years, with a total General Fund balance of £17.5 million in 2018/19 compared to £17.2 million in 2013/14. The council is in the third quartile of councils for its level of useable reserves compared to its net revenue stream. However, the council considers its level of reserves provides sufficient contingency for unforeseen costs.

Asset management planning works well

80. Asset management plans align with the objectives and priorities detailed in the council's current corporate plan. The council is adopting a corporate landlord model which centralises all estate-related budgets, decision-making and activities within one core team. Council service departments now need to make a business case for the property that they wish to deliver a service from, which helps the council to provide sufficient space, but no more space than is required. This approach applies to all capital and revenue investment proposals.

81. The Executive Committee agreed in January 2015 to adopt a long-term, strategic approach to the council's school estate. A report to the committee in September 2016 identified the need for a phased School Estate Review, following nine consultation events in high schools in March 2016.

82. In April 2017 the council undertook a statutory consultation process about proposals to build increased school capacity in Jedburgh. This is to replace the town's nursery, primary and secondary schools and ensure additional support needs provision. After extensive consultation work, the council agreed in December 2017 to establish a multi-purpose intergenerational learning campus in Jedburgh, which is on track to open in spring 2020 as the Jedburgh Grammar Campus.

The outsourcing of ICT services proved to be a challenging journey

83. In March 2016 the council decided to outsource its ICT services to an external company, CGI UK Ltd (CGI), as part of a 13-year contract worth £92 million. The contract was based on a contract previously negotiated between the City of Edinburgh Council and CGI under Public Sector Partner procurement guidelines. Through its contract with Scottish Borders Council, CGI is responsible for implementing a range of major ICT changes including:

- replacing the council's hardware systems
- replacing its finance and human resources systems with a new integrated system: Business World enterprise and resource planning system (ERP)

- providing enhanced cyber security arrangements and new offsite back-up facilities
- developing a digital customer access (DCA) system to help the public access council services more easily, and at lower cost to the council.

84. The agreement with CGI has allowed the council to access the technical expertise and support of a major international company, as well as address risks with recruiting and retaining ICT staff in the area. The new Business World ERP system was implemented from April 2017, cyber security arrangements have been improved and replacement of the council's hardware is ongoing. The council has experienced problems with the full delivery of the benefits expected from the CGI contract. The implementation of the DCA was delayed and issues arose when the Business World ERP system was first introduced. Problems with third party service providers led to their removal and other contractors were required to rectify problems, although at no extra cost to the council.

85. Council staff told the audit team that the new computer systems are often sluggish and that helpdesk support by CGI can be unresponsive. Overall, the forecast benefits from the ICT contract have not materialised as soon as the council expected. The council's new ICT arrangements should bring benefits in time. It expects that a CGI ICT service delivery centre in the Borders will boost the local economy.

86. The Inspire Learning Programme is an innovative £16 million investment in a digital learning environment for school pupils. The project has been developed by a partnership of the council, CGI, XMA and Apple. The project is a key part of the council's Digital Learning Strategy and aims to transform teaching and learning in schools. It includes plans for iPads to be provided to all P6-S6 pupils and shared devices for P1-P5 pupils too. Secondary teachers received their iPads before the summer break in 2019. The roll-out to high school pupils will occur from August 2019 through to June 2020. An Inspire Learning Board oversees the project and is chaired by the council's chief executive. A project manager and project team work with the council's technology partners and schools to deliver the programme. It is too soon to gauge the impact of the Inspire Learning Programme.

The council has a good track record of making savings, but the financial outlook remains challenging

87. The council reports that from 2013/14–2018/19, it made £46.3 million of permanent (annually recurring) cost reductions and £17.2 million of temporary (non-recurring) savings ([Exhibit 8, page 27](#)).

88. The council's revenue budget for 2019/20–2023/24 forecasts required savings totalling £30.4 million over this period. The council has a good record of achieving savings and has reflected the impact of demographic change on demands for services and pay increases for council staff, in its financial plans. However, in common with all other councils, the financial outlook remains a significant challenge.

Workforce management has developed gradually and workforce planning remains challenging. The council should do more to understand and act on the views of staff

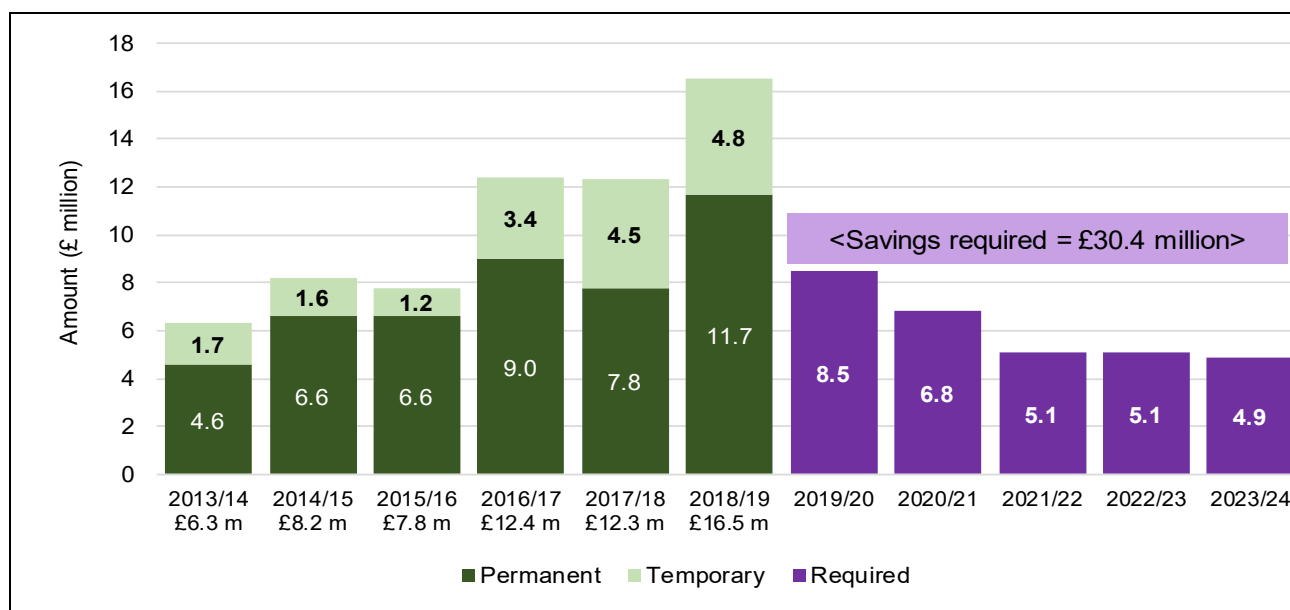
The council recognises that workforce planning needs to be developed further

89. The council faces a number of workforce challenges. For example, the age profile of the council's workforce has implications for its evolving composition in future and the recruitment activity that will be needed to replace retirees. It may be more difficult to attract and retain officers to senior management roles than for a larger and more urban council. The council also faces private sector competition for staff with transferable skills at lower grades.

Exhibit 8

Savings achieved and forecast savings required over 2019/20 to 2023/24

The council has forecast that it needs to save more than £30 million over five years.



Source: Scottish Borders Council

90. The 2010 Best Value audit found that workforce planning needed to be developed further and applied across the council. There have since been improvements. For example:

- A medium-term strategic people plan for 2016–2021 is in place. It recognises the challenges of geographical location and in terms of succession planning.
- People plans are more integrated with the business and financial planning cycle. The council intends to integrate workforce priorities into each service's team plan to help them plan for the future, meet their service objectives, stay within budget, meet savings requirements and maintain a suitable workforce that is fit for the future.
- Progress is being made with new initiatives such as WorkFlex Borders, which is being trialled to improve the use of bank and casual staff, and with a 'grow your own' approach to recruiting and retaining teaching staff.
- One of the seven strands in the council's Fit for 2024 programme focuses on the development of workforce skills, flexibility and working patterns.

91. The council still needs to develop longer-term workforce plans and ensure this work is integrated into individual service plans.

The staff appraisal process is being revised

92. The staff appraisal process is being refreshed to link it with the corporate plan. A competency framework has been developed for staff, with each competency linked to the corporate plan. New annual performance appraisal documentation, introduced during 2019, will be recorded on the Business World ERP system.

Sickness absence levels are similar to those for other councils

93. LGBF data for 2017/18 show sickness absence levels are similar to the Scottish average. In Scottish Borders Council, the sickness absence level for non-teachers was virtually unchanged from 11.0 days in 2013/14 to 11.1 days in 2017/18, compared to 11.4 days for Scotland overall. The level for teachers improved from 6.7 days in 2013/14 to 6.1 days in 2017/18, when it was only marginally worse than the 5.9 days for Scotland overall.

94. Over the past six years, the human resources (HR) Advisory Team (now a Case Management Team) has helped managers to tackle sickness absence. Concentrated HR support helps specific areas of the organisation to deal with attendance. However, the LGBF sickness absence data suggest the new arrangements have made a modest impact overall.

The council should do more to understand the views of staff

95. We reported in 2010 that employees were concerned about the extent and pace of change. During this audit, staff told us that they saw limited engagement between the CMT and the workforce and that the CMT lacks visibility. Wider staff views are unclear because there has been no council-wide staff survey since 2010.

96. The council should be proactive in seeking the views of the whole workforce more regularly and provide staff with feedback. This could be challenging for staff groups with limited access to office technology. The CMT is aware of the need to improve communication with staff and began a staff engagement programme during this audit. An ongoing series of roadshows for staff across the Scottish Borders is being used to explain the Fit for 2024 programme and to seek the views of staff. Some further information is now available to staff online and a council-wide staff survey is planned for late 2019.

The council conducts effective options appraisals

97. There is evidence that the council undertakes effective options appraisals when tackling significant decisions. Options appraisals and business cases for changes to services, such as the outsourcing of ICT, setting up a trust for delivering cultural services and developing a long-term approach to the school estate are presented to members for consideration. The Audit and Scrutiny Committee, in respect of its scrutiny functions, examines key decisions, including assessing whether projects have achieved their stated aims and achieved predicted savings. For example, the council's investment in superfast broadband was assessed and reported on at the end of 2018 and the outsourced ICT contract was scrutinised in April 2019.

Procurement performance is good and improving

98. Procurement is handled by a central team. Its Commercial and Commissioned Services Strategy sets out a five-year approach and includes sustainable procurement policies. Performance against the strategy is reported annually.

99. The council spent £157.4 million with third party suppliers in 2017/18. Of this, £30.7 million of expenditure was through 105 regulated contracts, including £16.5 million with local suppliers. Regulated procurement activity is governed by the Procurement Reform (Scotland) Act 2014. The council has adopted the Scottish Living Wage (SLW) and facilitated payment of the SLW to care and support workers across the Scottish Borders.

100. Scotland Excel is the national centre of procurement expertise for the local government sector. The council participates in 55 (93 per cent) of Scotland Excel's framework contract agreements. Scotland Excel's Procurement and Commercial Improvement Programme (PCIP) assesses a council's procurement performance, with a focus on the policies and procedures driving procurement performance as well as the results they deliver. It includes an element of self-evaluation, so the onus is on a council to be open and transparent. The council's PCIP performance improved from 72 per cent in 2016 to 78 per cent in 2018, remaining in the top performance band (for performance of over 70 per cent). Scotland Excel identified a small number of areas for improvement and plans to assess the council's procurement performance again by June 2021.

101. A contract management framework for the council is being developed by a working group, established in 2018. The framework is intended to give the CMT and managers assurance that contract-related risks are being considered and managed effectively. The council expected to implement its new framework in the course of 2019.

Part 4

Is the council working well with its partners?



The council is a key partner in a number of complex and ambitious economic initiatives. Leadership capacity will continue to be required to drive them forward.

Partnership working with NHS Borders, through the IJB, could be improved. The council has made good progress with other aspects of joint working.

Where the council provides services through ALEOs, the risk of potential conflicts of interest needs to be carefully managed.

With leadership from the council, the CPP needs to finalise and implement its locality plans. It also needs corresponding arrangements for performance management and reporting.

Complex and ambitious regional economic initiatives will continue to require leadership capacity to drive them forward

The Borders Railway reopened successfully in 2015

102. The Borders Railway is the longest new domestic railway built in the UK for over 100 years. It was developed in partnership with the Scottish Government, Scottish Enterprise, Transport Scotland, VisitScotland and the City of Edinburgh and Midlothian councils. Since it reopened in 2015, the railway has spurred economic development and driven housebuilding and increased demand for some council services. Evaluations by Transport Scotland say that the railway is achieving the investment objectives set out in its original business case. The railway continues to be a key feature in the region's economic development.

The Edinburgh and South-East Scotland City Region Deal was formally signed off in 2018

103. This is a partnership between six councils (Scottish Borders plus the City of Edinburgh, East Lothian, Fife, Midlothian and West Lothian) together with universities and colleges, the Scottish and UK Governments and the third and private sectors. The UK and Scottish governments will jointly invest £600 million over the next 15 years, with regional partners committed to contributing over £70 million.¹⁹ An outline agreement between the partners was agreed in July 2017 and the deal was formally agreed by partners in August 2018.

City Region Deal

An agreement between the UK government, Scottish Government and one or more councils to invest in cities and their regions.

104. A joint committee, which includes leaders from all the councils, oversees the implementation and monitoring of the deal, supported by a programme management office and several advisory boards. The joint committee meets

quarterly and reports to the Scottish and UK governments via a joint delivery board. Deal partners plan to review governance arrangements every six months.

105. As part of the deal, the council approved a business case for the Central Borders Innovation Park in Tweedbank, in January 2019. This evolved from the council's masterplan for Tweedbank, to maximise the economic impact of the Borders Railway. It will be funded by £15.0 million from the deal over a 15-year period and £14.1 million from other sources including £5.0 million from the council.

The Borderlands Inclusive Growth Deal began in 2018

106. In September 2018, a bid was submitted to the UK and Scottish Governments by five councils that straddle the border between Scotland and England: Scottish Borders, Dumfries & Galloway, Carlisle City, Cumbria County and Northumberland County. The Scottish Government announced, in March 2019, a commitment of £85 million towards the deal over a decade. The UK government then unveiled a £260 million contribution the same month. The deal partners, including the councils and the UK and Scottish governments, anticipate their overall investment of £395 million could generate 5,500 new jobs.²⁰

107. Funding has been confirmed for some projects, subject to full business cases, including up to £19 million from the UK government for a mountain biking innovation centre in the Scottish Borders. In addition, up to £5 million will be made available by each government to progress the evidence base, the options appraisal and the feasibility work for extending the Borders Railway from Tweedbank to Carlisle.²¹ The outline agreement was published in June 2019.

The South of Scotland Enterprise Agency could be operational in 2020

108. As part of its Enterprise and Skills Review, the Scottish Government committed to create the South of Scotland Enterprise Agency covering the Scottish Borders plus Dumfries & Galloway. In 2017 the Scottish Government set up the South of Scotland Economic Partnership (SoSEP) as an interim solution to ensure that the south of Scotland benefits from economic development as soon as possible. The SoSEP involves representatives from business, the third sector, further and higher education, and key public sector partners.²² The aim is for the agency to be operational by April 2020.

Partnership working with NHS Borders could be improved

A proposal for a single public authority was not progressed

109. The council and NHS Borders serve the same geographical area and they have worked well in partnership on a number of issues over time, such as their joint appointment of the Director of Public Health, one of the first in Scotland.

110. In response to the Scottish Government's national review of local governance in 2018/19, the council proposed the exploration of a single public authority for the Scottish Borders area.²³ It was described as a starting point for dialogue with the Scottish Government and COSLA. However, whilst the proposal was reported to full council in September 2018, it did not receive the full support of the wider public sector community in Scottish Borders at that time and has not been progressed.

The Scottish Borders Health and Social Care Integration Joint Board recognises it has more to do and developed a detailed improvement plan

111. The Scottish Borders Health and Social Care Partnership Integration Joint Board (IJB) assumed responsibility for the planning and commissioning of health and social care services from April 2016. It includes adult social care, community health services and those hospital services typically associated with the emergency care pathway (also known as unscheduled care). It is jointly funded by the council and NHS Borders, from which it also commissions services. The IJB's strategic plan for 2018–2021 was renewed in 2018/19.

112. NHS Borders is at level four out of five in the NHS performance scale (meaning 'at significant risk'). It received Scottish Government support of £10

million to help it break even in 2018/19. A similar budget shortfall is anticipated in 2019/20. This has serious implications for financial planning by the IJB, which has yet to set its 2019/20 budget. It also has implications for the council, which is a partner in the IJB and appoints members to its board.

113. In March 2019 the Scottish Government's Ministerial Strategic Group for Health and Community Care (MSG) issued a self-evaluation template to health and social care partnerships as part of an evaluation of progress with the integration of health and social care. The IJB worked with the council and NHS Borders to carry out the self-evaluation and submitted a return to the MSG in May 2019. The self-evaluation was carried out against proposals, with each proposal being assessed as either 'not yet established', 'partly established', 'established' or 'exemplary'. The IJB evaluated itself as being not yet established in one area, partly established in 15 areas, established in six areas and exemplary in none. The area assessed as not yet established relates to agreeing budgets timeously. The IJB has identified improvement actions it needs to take forward.

114. Working with partners, and in particular the council, the IJB has brought in new ways of working and providing services, for example the development of the 'step-down' facility at Craw Wood (now Gardenview) and a hospital-to-home service. In 2018/19 the IJB introduced a real-time directory of available care home beds and specialist services, to allow these to be matched to patients. These developments are part of a programme of work to reduce delayed discharges in the NHS environment. However, financial constraints and an NHS Board which is needing to focus on its financial sustainability means that the IJB has made less progress than it might have.

The IJB's governance arrangements would be strengthened by regular attendance at board meetings

115. The IJB is governed by a board. Two meetings of the board, at the end of 2018 and beginning of 2019, were inquorate (not enough board members attended) and important decisions were deferred to subsequent meetings. Inconsistent attendance at board meetings may indicate a lack of commitment and it risks undermining the board's effectiveness. Challenges have also arisen from the rapid turnover of senior IJB officers. There have been four chief officers since the IJB was established in 2016, and no permanent chief financial officer. The lack of continuous leadership has impaired the IJB's progress. However, there is now continuity in the position of chief officer and a refreshed effort by the council, NHS Borders and IJB to address their shared challenges cooperatively.

116. The IJB receives quarterly performance updates and is required to produce an annual performance report. An Integration Performance Group (IPG) was established in mid-2018, with performance leads from the health board and council. It coordinates performance information for the IJB and has led on developing indicators for the IJB's performance reporting. A performance management framework was developed by the IPG and introduced in early 2019. It aims to build a culture focused on longer term trends and continuous improvement.

The council has made good progress with other aspects of joint working and recognises there are further opportunities

117. The 2010 Best Value audit found that some jointly provided services were in place. These included services for people with mental health and learning difficulties, and for community safety, criminal justice and town centre regeneration. The Community Health Care Partnership (since superseded by the IJB) had made progress with joint commissioning teams for mental health, drugs and alcohol-related services.

The council works with Midlothian Council

118. In November 2017 the council agreed to a shared chief internal auditor post with Midlothian Council. The post leads both councils' internal audit teams at a strategic level and is supported operationally by principal auditors in each council. In November 2018 the council agreed to continue to share internal audit services

permanently, after a pilot demonstrated positive outcomes including the sharing of expertise, knowledge and best practice across both organisations.

The council works with Police Scotland

119. In April 2018, a community action team (CAT) was launched to tackle antisocial behaviour in the Scottish Borders. A team of police officers funded by the council reports to Police Scotland's local area commander. Their work is normally coordinated by the Scottish Borders Safer Communities team in the council's HQ, using local intelligence to address specific community issues. Progress reports are submitted to the Police, Fire and Rescue and Safer Communities Board, whose membership includes council members. The success of the CAT saw the council identify funds in its 2019/20 budget for a second community action team.

The council is involved in other successful joint working

120. Other examples of joint working that have developed over time with other public and third sector organisations include:

- The alarm monitoring and out-of-hours social work service – the team works in cooperation with other council services and with agencies such as the Police, health services and SB Cares. Benefits include access to a well-established service using modern technology, at a competitive cost. Clients benefit from a quality service.
- Mobile library service – Live Borders manages this service for Scottish Borders, Midlothian and East Lothian councils. Vehicles regularly visit communities without a permanent library, and their routes are visible online.
- Galashiels Resource Centre – this day centre for adults with mental health needs is run jointly with NHS Borders, using a shared budget for equipment.
- The Scottish Borders Diabetes Prevention Partnership – it aims to help prevent diabetes by offering activities and programmes that promote healthy lifestyles, and to raise awareness of the risk factors.

The council recognises opportunities for further joint working

121. In its Fit for 2024 change programme the council considers that, with financial pressures increasing, there are still 'significant opportunities' for greater sharing of resources, assets and expertise with a range of partner organisations. The council has committed to developing a framework for joint working with partners, alongside targets for clear benefits and savings to be achieved, including:

- options for shared back-office services with partners
- increased co-location of key staff, particularly those in joint services
- income opportunities for the council to deliver key functions for others
- opportunities to commission key functions from partners.

Where the council provides services through arm's-length external organisations, the risk of potential conflicts of interest needs to be managed carefully

122. The bodies in [Exhibit 9 \(page 33\)](#) are part of the Scottish Borders Council group. The statutory code of practice on '*funding external bodies and following the public pound*' cautions councils about appointing councillors or officers to the board of management of an arm's-length external organisation (ALEO). This can limit the body's ability to operate 'at arm's length' and raises the risk of a conflict of interest.²⁴ A board member risks having divided loyalties between their council and board roles. The code says councils must ensure that officers and members are properly advised of their responsibilities to the council and the ALEO.

Arm's-length external organisation (ALEO)

A separate organisation that is established by a council to provide services on its behalf.

[Councils' use of ALEOs, June 2018](#)

Exhibit 9

Main bodies in the Scottish Borders Council group

The council has established a range of ALEOs to provide services on its behalf.

Name	Type	Purpose
Live Borders	Charitable trust	Culture and leisure
SB Cares – comprising		
• Scottish Borders Cares	Limited liability partnership	Adult social care
• Scottish Borders Supports	Limited liability partnership	Adult social care
Bridge Homes	Limited liability partnership	Delivery of affordable housing

Source: Scottish Borders Council

Live Borders is a charitable trust

123. Live Borders was established by the council in 2016 as a charitable trust to deliver a broad range of services and manages arts centres and venues, libraries and archives, museums and galleries, and sport and leisure services. The board of management includes the council convener. Performance reports are presented to the council's Executive Committee twice yearly. Reports published on the council's website show performance against targets and include summary financial information. There is clear accountability between the trust and the council.

SB Cares is the trading name of two limited liability partnerships

124. Two limited liability partnerships (LLPs) form SB Cares: Scottish Borders Cares LLP and Scottish Borders Support LLP and the council is the only shareholder of both. SB Cares employs around 880 staff to provide adult social care services. The council considers that SB Cares enables it to achieve greater efficiency and flexibility through a more commercial approach under a specialist board; and to generate income through providing additional services.

125. The managing director of SB Cares (0.8 whole time equivalent (WTE)) is also an executive director of the council (0.2 WTE). SB Cares has its own branding and board of management and its external auditor is a private firm. SB Cares officers meet quarterly with the council's Major Contracts' Governance Group, which exercises review and scrutiny, and its papers are published on the council's website. There is potential for a conflict of interest, between the postholder's responsibilities as managing director of an ALEO and their council executive director role. The council acknowledges this risk and arrangements are in place for the managing director of SB Cares to provide an annual assurance statement to the council chief executive. Nevertheless, as stated previously, this contradicts the guidance on [Councils use of ALEOs](#) and the arrangements which give rise to this unusual line of accountability should be subject to periodic review.

Bridge Homes is wholly-owned by the council

126. With the support of the Scottish Futures Trust Investments Ltd (SFT), the council established a council-led house building programme to deliver more affordable housing for the rental market in the Scottish Borders. Bridge Homes LLP is wholly-owned by the council. The council has provided Bridge Homes LLP with a loan facility of up to £18.8 million to enable it to deliver affordable homes in line with the council's housing strategy.

127. The board of Bridge Homes has two senior council officers and one SFT senior officer. It meets quarterly and the financial viability of projects requires approval by all three directors. The council established these arrangements to minimise the exposure of officers to a potential conflict of interest.

The CPP's governance arrangements have evolved over the years

128. The council has a statutory, central leadership role in the community planning partnership (CPP). Before September 2016 the CPP had a strategic board with representatives from the council, other public bodies and other sectors. Meetings were attended by observers from the Scottish Government and community councils. The arrangement was a pragmatic way for the council to administer CPP meetings and it ensured that decisions of the strategic board became formal council decisions. However, decision-making risked being protracted. If a matter could not be decided by the strategic board, it had to be raised through the appropriate governance arrangements of individual partner bodies and then returned to the Strategic Board for a final decision at a later date.

129. In September 2016 a new CPP structure and membership were adopted. A large consultative group now informs the CPP's strategic direction. It meets annually and it is no longer a council committee. A smaller strategic board makes decisions and ensures that the CPP's strategic direction is followed. Its papers are published transparently and accessibly on the council's website. It normally meets quarterly and remains a formal council committee for administrative purposes. Formal business is concluded within a meeting of the strategic board or at separate, additional board meetings. The Joint Delivery Team has become the Joint Programme Board, supporting the strategic board and consultative group.

130. Five area partnerships correspond to the locality plan areas used by the council and the IJB: Berwickshire, Cheviot, Eildon, Teviot and Liddesdale, and Tweeddale. Council members find these partnerships important for listening to local stakeholders' views on key themes.

131. Over the past two years, the council has met 68 community councils across the Scottish Borders. These jointly have one representative on the CPP consultancy group. The council is considering how community councils can be engaged and heard in order to better inform planning at locality and CPP-wide levels, and aid planning by the council itself. Community councils have a statutory role, on planning matters in particular, that pre-dates the Community Empowerment (Scotland) Act 2015. The council recognises scope for the council and the CPP to improve their engagement with the third sector, which has one representative on each of the strategic board and consultative group.

The CPP has been slow to implement the Community Empowerment (Scotland) Act 2015

132. The Act aims to give communities more influence over how their council and its partners plan and provide services. It also establishes ways for residents to get more involved in local decision-making and service provision. A council is required to work with its community planning partners to engage with community bodies and improve local outcomes. Joint efforts and resources should be targeted on areas of greatest need to reduce inequalities.

The CPP's local outcomes improvement plan was produced late

133. Each CPP must publish a local outcomes improvement plan (LOIP). This plan should prioritise geographical areas for improving outcomes, the improvements it aims to achieve and the timescales. It should also link with outcomes set out in the National Performance Framework. Work to develop the Scottish Borders LOIP was led primarily by the council. The LOIP, termed the community plan by the CPP, was first produced in November 2017. It included a vision, four themes, 15 target outcomes and was updated in May 2018.

The CPP's locality plans are two years late and incomplete

134. The Act requires a CPP to prioritise the areas of a council that have the poorest outcomes and publish one or more 'locality plans' to improve target outcomes for those areas. A locality plan should be co-produced with the community; prioritise which local outcomes will be improved; and have timescales

Community Planning Partnerships (CPPs)

Statutory forums for councils, NHS boards and other public and third sector bodies, such as charities and voluntary groups, to work with local communities to plan and deliver better services.

for improvements. Statutory guidance required locality plans to be in place by October 2017.

135. Over the past few years the council has undertaken extensive engagement with stakeholders including 68 community councils, third sector bodies, registered social landlords and economic development bodies. This engagement has improved the understanding that the council and its CPP partners have of the communities they serve.

136. The CPP's strategic board decided to commission a locality plan for each of all five Borders localities simultaneously. It did not prioritise localities or communities with the worst levels of deprivation or the poorest outcomes on issues such as health and education. All five locality plans remained in draft when they were considered by the CPP's strategic board in June 2019. Although they reflect the themes of the community plan, they will not be integrated with the community plan until they are finalised. Ambitions in locality plans have not been costed and are therefore not yet reflected in budgets of the council or its CPP partners. The strategic board was not advised when the locality plans would be finalised.

137. The IJB has its own set of locality plans, covering the period 2017-2019. The IJB and the council recognise the benefits of merging these two sets of locality plans. The decision whether to merge the plans will be considered when the locality plans are due to be refreshed. No timescale has yet been set for refreshing the CPP's locality plans.

Community Asset Transfers (CATs), participation requests and participatory budgeting are all at an early stage

138. Since January 2017 community groups have had a right to ask relevant public authorities to transfer land or buildings that they feel they could use more effectively. The council developed its own guidance on CATs in 2011. Council officers and the council's CPP partners have worked with community groups over the past two years to build capacity to encourage CATs. The CPP has also funded a Men's Shed Development Officer to build capacity on this specific issue.

139. Nonetheless, the scale of CATs has been limited. There have been over 30 enquiries regarding CATs during the past two years. Of these, three have progressed to the submission of a formal application and one has been approved. The council recognises it is responsible for ensuring that CATs are viable and sustainable. They recognise that progressing CATs is at an early stage and will require further promotion and support by the council and its CPP partners.

140. From April 2017, communities have had a say in how the council should spend money locally. In October 2017, the Scottish Government and COSLA agreed a joint framework to support councils moving towards at least one per cent of their budgets being subject to participatory budgeting (PB) by 2021.

141. The council allocated £500,000 to its Localities Bid Fund (LBF) for piloting participatory budgeting. The LBF is split across the five locality areas (according to their population) to support community projects and initiatives. Round 1 saw £204,000 distributed across 18 projects in 2018. In 2019, Round 2 distributed £296,000 across 40 projects.

142. The council has received seven participation requests. Three have been agreed. In its 2019/20 budget, the council pooled £1.2 million from numerous pre-existing community funds into a single, centralised Community Fund. Its purpose is to support communities in taking forward locally-agreed community priorities and solutions. Fit for 2024 anticipates that equipping each locality with its own share of the Community Fund will help provide community groups with a single point of entry for making PB requests.

The CPP has been slow to empower and engage communities

143. While the council engaged communities as it developed the CPP's community plan and locality plans, limited progress with community asset transfers, participation requests and participatory budgeting shows there is room for improvement. The council's corporate plan for 2018-2023 sets out how it plans to engage with and support communities. Enhanced community engagement, participation and empowerment is a key strand of the Fit for 2024 programme. It will be important for the CMT to report regularly on progress regarding community engagement to council members and the CPP's Strategic Board.

The council and its CPP partners need to be able to measure progress against the community plan and locality plans

144. It is difficult for the council and its partners to determine progress because some indicators and measures in the community plan are not measurable or lack short-term and medium-term targets. Progress reporting includes little analysis of how activities drive performance or deliver improvements for local people. There are no arrangements to track the implementation of locality plans and these are not linked to either the CPP's community plan or the council's plans. A comprehensive performance management framework is needed.

Part 5

Is the council demonstrating continuous improvement?



Since the 2010 Best Value report, the council has made steady progress. However, it now recognises it needs to up the pace of change.

By developing the Fit for 2024 programme, the council recognises the degree of transformational change required to meet its challenges. Progress will require good leadership by council members and the CMT, and by fostering staff ownership of the programme.

Embedding and sustaining a consistent approach to self-evaluation and performance management will help the council to manage its transformation programme and deliver improved outcomes for local people.

The council has made steady progress since 2010 and recognises its needs to up the pace of change

145. The last Best Value audit in 2010 found that the council had a good awareness of its own capacity and need for improvement, clear strategic direction and had a coherent business transformation programme.

146. The Accounts Commission urged the council to develop fully the mechanisms for testing and scrutinising value for money across its services, and its capacity to present robust options appraisal. It had set a challenging efficiency savings target, and its processes for managing performance needed to become firmly established to support the delivery of this target. The council needed to ensure that it had the capacity to deliver its programme.

The council has made good progress on some issues but more limited progress on others

147. The Business Transformation Programme (BTP) for 2010–2015 overlapped the previous administration’s term of office from 2012 to 2017 and led to budget savings of £17.8 million. It was succeeded by the Corporate Transformation Programme (CTP) in 2015. In 2015/16–2018/19, the council reported £49.0 million of savings from its revenue budget, including £35.1 million of recurring savings ([Part 3](#)). Financial management and planning works well, and the council conducts options appraisals effectively.

148. The 2010 audit reported that workforce planning and staff appraisal needed to be further developed across the organisation. Workforce management has since developed slowly and planning the workforce remains challenging. The council's staff appraisal process is being refreshed in order to link it with the council's corporate plan. A competency framework has been developed for staff, with each competency linked to the corporate plan. New annual performance appraisal documentation, introduced during 2019, will be recorded on the council's Business World ERP system. The council has begun a programme to improve communication with staff but should do more to understand their views.

149. The public's satisfaction with certain council services has declined, for example in leisure and recreation. This was anticipated by the council as a consequence of budget reductions and their impact on service quality. National indicators show that from 2013/14 to 2017/18, the council's performance was mostly good and improving in the key areas of education and social care, although it was mixed overall.

150. The 2010 audit urged the council to develop mechanisms for testing and scrutinising value for money across services and that its process for managing performance needed to become more firmly established. The most recent revision in its approach to performance management, in 2018, was a further step in the right direction but there remains scope to adopt a more consistent, corporate approach to self-evaluation and benchmarking to drive continuous improvement. Pace has also been relatively slow in implementing the Community Empowerment (Scotland) Act.

151. Whilst the council has good foundations in place, there is more to do to fully embed and demonstrate Best Value.

The council's Fit for 2024 transformation programme is wide-ranging. Its implementation needs buy-in from staff and an action plan to help drive and demonstrate progress

152. The council launched the Fit for 2024 corporate transformation programme in February 2019, recognising action is needed to meet future challenges ([Exhibit 10, page 39](#)). The programme aims to make the council more innovative and increase the pace of change. It addresses a comprehensive range of improvement activities that the council needs to undertake.

153. Fit for 2024 is a significant programme that will require leadership from members and senior officers to secure staff engagement, which will be key to its success. A measurable and realistic action plan needs to be developed to monitor delivery of the programme and provide a basis for transparent reporting and accountability to members, the council's partners and the public.

Exhibit 10

Fit for 2024 programme

In February 2019 the programme set out seven wide-ranging areas of work.

1. Whole-council service review and redesign. There is now a need for a more consistent approach, across every council service, that is designed to meet future demands. This will be sponsored by the relevant service director but will be led by an objective review team, which includes officers from key corporate services and other non-service specific challenge. A comprehensive plan/timetable for these reviews will be developed, which prioritises those services which offer the greatest scope for change, improvement and financial savings. Every service review will have clear targets in terms of anticipated benefits, including financial savings, service improvements and capacity to meet future demands.

2. Enhanced community engagement, participation and empowerment. There must be a greater focus on supporting communities to participate in the shaping and enhancing of community resilience and quality of life across the Scottish Borders. This will require a different approach: building capacity and supporting communities' participation in local decision-making, with further investment and greater coordination of efforts and resources across the council and all our partners and local communities.

3. Best use of physical assets, assisted by the council's Corporate Landlord model. Fit for 2024 will drive innovation and creativity in how investment is used to best effect. The council will need to be bolder and braver in its estate decisions, engaging communities and partners in dialogue about how, together, we meet changing customer needs and community demands. Along with our partners and the communities, a joint approach is required to rethink and reshape the collective property portfolio.

4. Investment in well-planned and designed Digital solutions. Working with the council's strategic IT partner, CGI, Fit for 2024 will take a long-term approach to develop future-proof digital solutions that offer greatest value and maximum benefits. The council recognises the need to realise more benefits from its investment in new systems such as through the Digital Customer Access project and the roll-out of Office 365 across all IT users in the council. Fit for 2024 will ensure the full Digital Programme will align with corporate priorities to enable changes, improvements and savings in the Financial Plan to be achieved.

5. Development of the workforce's skills, flexibility and working patterns. Fit for 2024 will address:

- Demand-led working – demands for all services and a re-alignment of resources and working patterns.
- Talent management and development to increase flexibility for individuals and staffing resources.
- Increased opportunities for cross-departmental and inter-agency sharing of skills and officers.

6. Optimising partnership resources. There are significant opportunities for still greater sharing of resources, assets and expertise with a range of partner organisations. Fit for 2024 will develop a clear framework for shared services with partners, coupled with targets for tangible benefits and savings to be achieved from these arrangements. Specific areas that will be further explored immediately are:

- Options for shared back-office services with local partners.
- Increased co-location of key staff, particularly those in joint services.
- Income opportunities from the council delivering key functions for other bodies.
- Opportunities to 'commission' key functions from partners.

7. Process improvements and productivity. Fit for 2024 will set out an ambitious programme of process improvement and productivity work that enables the council to sustain or enhance both service delivery and quality levels, while requiring less input of resources. This council-wide programme will streamline back-office activity and increase the productivity levels of frontline services. Much of this work will be underpinned by digital investment and automation opportunities but it will also aim to stop activity that adds no value to the council's customers. This work will use both internal and external skills to:

- Systematically review every resource-intensive or high volume back-office process across the council.
- Explore areas of potential increased productivity in all services, particularly those areas with greatest spend or resource requirements.
- Automate processes where possible; cease activities where no value is ultimately added to customers or services.

Internal Audit has also recommended improvements that the council should act on

154. Internal Audit plays an important role in the council's overall system of internal control. Internal Audit findings and recommendations on specific areas are reported during the year to the Audit and Scrutiny Committee (Audit function), as is the annual statutory audit opinion within the Internal Audit Assurance Report. These reports informed the council's Annual Governance Statement 2018/19, the draft of which was reported to the Audit and Scrutiny Committee and included areas for improvement ([Exhibit 11, below](#)).

155. Some of these proposals overlap with the Fit for 2024 programme ([Exhibit 10, page 39](#)). It will be important for these to be reflected in the implementation of the Fit for 2024 programme.

Exhibit 11

Annual Governance Statement

In May 2019, the council's draft Annual Governance Statement identified scope for improvement in eight areas.

- Commence a more ambitious change and transformation programme through a consistent approach to enable delivery of efficient and effective services to customers in a sustainable way, collaboration with communities and other partners, optimised utilisation of assets across localities, digitally-led process improvement, and focus on delivering positive outcomes.
- Consolidate and refine procedures and practices to ensure comprehensive data and information management across the council and within each service in all relevant aspects of service delivery to ensure ongoing compliance with legislation and regulations.
- Continue implementing the Performance Management Framework which will include the full application of appropriate and proportionate self-assessment processes in all council services as a self-evaluation tool to demonstrate achievement of Best Value.
- Continue to ensure that financial, people and business plans are developed concurrently and continue to be aligned to the council's Corporate Plan and priorities, thus managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available.
- The ongoing implementation of the Business World Enterprise Resource Planning (ERP) system to maximise use of its functionality, specified in Solution Design Documents, and ongoing review of policies, procedures and guidelines of the key financial planning, management and administration processes linked to the Financial Regulations and of the HR procedures and guidelines associated with the implementation of the new Business World ERP System. Alignment with other computer-based systems and automation of routine processes.
- Realise full benefits arising from the implementation of the Corporate Landlord Model to review strategic asset management plans to inform investment in assets and infrastructure to ensure they are fit for the future and reduce the Council's property footprint.
- Continue to monitor the contract performance outcomes of strategic external service providers in particular in light of the changing landscape for the public sector.
- Review of the Complaints Handling Procedure to ensure consistency of approach across the council for dealing with complaints including raising staff awareness of customer care to fully utilise customer information and improve services through Digital Customer Access.

156. [Exhibit 12 \(page 41\)](#) compares judgements from the [2010 audit](#) to judgements from this audit.

Exhibit 12

A comparison of 2010 Accounts Commission findings and 2019 audit judgements

The council has made good progress since 2010 but there is room for improvement in a number of areas.

Accounts Commission finding, 2010	Controller of Audit judgement, 2019	View
<p>Strategic direction</p> <p>The council benefits from strong, political and management leadership and has effective governance.</p>	<p>Members and officers demonstrate a strong commitment to working together for the fulfilment of the council's vision.</p> <p>Effective governance arrangements ensure opportunity for challenge and scrutiny.</p>	<p>Part 1</p>
<p>The council has a good awareness of its own capacity and need for improvement and has set out a clear strategic direction.</p>	<p>The council's vision for 2017-2022 prioritises six strategic themes, reflecting long-standing challenges.</p> <p>The council needs to embed and sustain a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.</p>	<p>Part 1</p>
<p>Performance</p> <p>The council delivers services which are generally of good quality, have improved in recent years and are well-regarded by the local community.</p>	<p>Performance is good or improving in the key service areas of education and social work. However, the council is below average on many other national indicators. The council reports, in respect of its own indicators, performance is improving on around half. Residents are more satisfied with council's services than national data would suggest.</p>	<p>Part 2</p>
<p>The Commission particularly welcomes evidence of good and improving service delivery within social work and education services.</p>	<p>Performance is good or improving in the key service areas of education and social work.</p> <p>Education services continue to perform well overall. Outcomes for children are above the national average and improving.</p> <p>Social work and social care services' performance are mixed but improving.</p>	<p>Part 2</p>
<p>Progress has been slow on improvement on some important areas highlighted in the 2007 Best Value audit of the council, such as regulatory and technical services, roads and asset management.</p>	<p>The council has made steady progress overall since the 2010 Best Value audit but has more to do to demonstrate Best Value on some matters. The council needs to embed and sustain a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.</p>	<p>Part 2</p>
<p>Performance/Resources</p> <p>We would urge the council to ensure that it develops fully the mechanisms for testing and scrutinising value for money across its services, and its capacity to present robust options appraisal.</p>	<p>The council needs to embed and sustain a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.</p>	<p>Part 2</p> <p>Part 3</p>

Accounts Commission finding, 2010	Controller of Audit judgement, 2019	View
<p>Resources</p> <p>The Commission particularly welcomes the council's simplified staff grading system, which will potentially increase opportunities for more flexible working and development. Workforce planning and staff appraisal do, however, need to be further developed and applied across the organisation.</p>	<p>Workforce management has developed gradually and planning the future workforce remains challenging. The council has begun a programme to improve communication with staff but must do more to understand and act on their views.</p> <p>The council's Fit for 2024 programme includes a workforce focus.</p>	<p>Part 3</p>
<p>The council has had a coherent Business Transformation Programme (BTP), although progress against it has been slower than anticipated. The council needs to ensure it has the capacity to deliver its programme.</p>	<p>From 2010 to 2018 the council made good progress with its transformation agenda.</p> <p>Recognising a need to further increase the pace of change and be more innovative, the council embarked on Fit for 2024, a corporate transformation programme, in February 2019. This is intended to be a five-year rolling programme that will improve how the council is managed and save £30 million.</p> <p>The council should ensure there continues to be sufficient capacity to implement this programme while continuing to deliver public services.</p>	<p>Part 3</p>
<p>The council has set a very challenging efficiency savings target, and its processes for managing performance need to become firmly established to support the delivery of this target.</p>	<p>The council has a good track record of making savings. It demonstrates effective financial planning and management arrangements.</p> <p>In common with other public sector bodies, its financial outlook is challenging.</p>	<p>Part 3</p>
<p>Partnership</p> <p>The council works well with its partners and we welcome evidence of effective collaboration on services such as health improvement, jointly-funded social care, community safety and child protection.</p> <p>The Commission welcomes particularly notable examples of partnership working such as the co-location of services in Peebles and the equalities and diversity officer jointly funded with NHS Borders.</p>	<p>Partnership working with NHS Borders, through the integrated joint board, needs to improve.</p> <p>The council has made good progress with other aspects of joint working and recognises there are further opportunities for this.</p> <p>The council is a key partner in complex and ambitious economic initiatives.</p>	<p>Part 4</p>

Source: Audit Scotland

Recommendations



The council should:

Embed a culture of continuous improvement by implementing a corporate approach to self-evaluation and benchmarking.

(Paragraph [66](#))

Seek to improve partnership working with NHS Borders in order to support the strategic objectives of the Scottish Borders Health and Social Care Integration Joint Board.

(Paragraphs [111–115](#))

Improve how the Scottish Borders community planning partnership involves communities and the third sector, through greater involvement in local decision-making and by accelerating implementation of the Community Empowerment (Scotland) Act 2015.

(Paragraphs [132–143](#))

Establish a structured programme of ongoing staff consultation and engagement.

(Paragraphs [35](#), [36](#), [95](#), [96](#), [152](#), [153](#))

Update its people plan for 2017-2021 and ensure longer-term workforce plans are reflected in service and financial plans.

(Paragraphs [89–91](#), [148](#))

Support members' continuing professional development by tailoring training to meet their individual needs, and use technology to make training more accessible.

(Paragraph [26](#), [27](#))

Ensure performance reports to members and the public are more comprehensive and balanced, and that they cover service performance and delivery of the Fit for 2024 programme.

(Paragraphs [70](#), [71](#), [144](#), [144](#), [150](#))

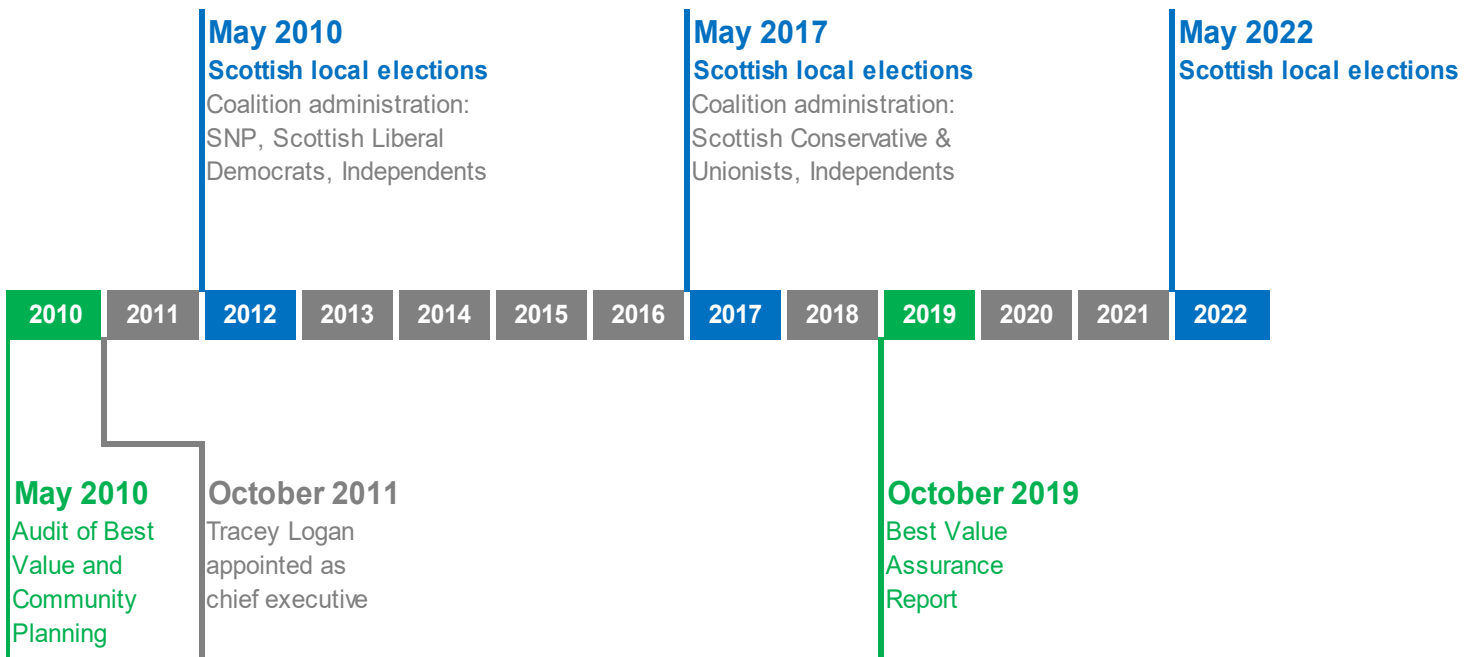
Endnotes

- ¹ [Corporate Plan for 2018-2023: Our plan and your part in it](#), Scottish Borders Council, February 2018.
- ² [Land area and population density by administrative area, mid-2018](#), National Records of Scotland, April 2019.
- ³ [Mid-2017 population estimate Scotland](#), National Records of Scotland, June 2018.
- ⁴ [Scottish Borders Community Plan 2018](#), Scottish Borders Community Planning Partnership, May 2018.
- ⁵ [Introducing the Scottish Index of Multiple Deprivation 2016](#), Scottish Government website at 9 August 2019.
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- ⁷ [Connected Borders 2017–2022: the vision of Scottish Borders Council's Administration](#), item 4, Scottish Borders Council meeting on 28 September 2017.
- ⁸ [Our plan for 2018–2023 and your part in it](#), Scottish Borders Council, February 2018.
- ⁹ [Annual governance statement 2018/19](#), Audit and Scrutiny Committee, Scottish Borders Council, 13 May 2019.
- ¹⁰ [Fit for 2024](#), item 1, Scottish Borders Council meeting on 28 February 2019.
- ¹¹ [Education glossary](#), Parentzone Scotland website at 10 August 2019.
- ¹² [Scottish Borders Council Local Scrutiny Plan 2018/19](#), Audit Scotland, April 2018.
- ¹³ [Validated self-evaluation: Scottish Borders Council – Continuing engagement, Educational Psychology Services](#), Education Scotland, October 2018.
- ¹⁴ [Services for children and young people in Scottish Borders](#), Care Inspectorate, June 2016.
- ¹⁵ [Integrated children and young people's plan in the Scottish Borders 2018–2021](#), item Scottish Borders Council meeting, 29 November 2018.
- ¹⁶ [Services for older people in Scottish Borders](#), Report of a joint inspection of adult health and social care services, Care Inspectorate and Health Improvement Scotland, September 2017.
- ¹⁷ [Inspection of justice social work services in Scottish Borders council](#), Care Inspectorate, April 2019.
- ¹⁸ [Household survey results – 2018](#), item 7, Executive Committee meeting, 12 February 2019.
- ¹⁹ [City Regional Deal – accelerating growth](#), Edinburgh and South East Scotland City Region Deal, August 2018.
- ²⁰ [Heads of Terms agreement](#), Borderlands Growth Deal, July 2019.
- ²¹ [Borderlands Inclusive Growth Deal](#), Borderlands partnership, 1 July 2019.
- ²² [South of Scotland Enterprise Bill \(stage 3\)](#), Rural Economy Committee, Scottish Parliament, 5 June 2019.
- ²³ Report to Council – [A proposal for a single public authority in the Scottish Borders](#), 25 September 2018.
- ²⁴ [Code of practice on funding external bodies and following the public pound](#), 1996.

Appendix

Best Value audit timeline

Council journey



May 2010. Best Value 2 pathfinder audit

The Commission found the council benefited from strong political and management leadership and had effective governance.

October 2019. Best Value Assurance Report

The Controller of Audit will present a Best Value Assurance Report to the Accounts Commission at least once during the five-year audit appointment for each council.

This is the first assurance report on Scottish Borders Council. The report seeks to provide the Commission with assurance on the council's statutory duty to deliver Best Value, with a focus on the Commission's strategic objectives.

Best Value Assurance Report

Scottish Borders Council

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